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The Nation's Business

Only Minority Backs Narrow Provincialism

Some opposition for the Rowell-Sirois programme is developing. The Halifax Herald is the latest antagonist. It publishes an interview with Hon. C. H. Cahan making out a case against the revision of the terms of Confederation.

The argument, in brief, is that the report should be viewed with suspicion because business and financial interests are behind its recommendations. "Men of wealth" are backing the report, it is suggested, because one of the purposes is to "bail out" the bankrupt provinces at the expense of the sound ones.

Mr. Cahan and the Herald claim that men of wealth are worried about the bonds they hold of the bankrupt provinces; they want their investments salvaged by the Dominion. Moreover, they want to get rid of double income taxes and inheritance taxes.

But the Herald also quotes approvingly an Ottawa Citizen editorial which, says the report, has been engineered by academic reformers. Thus the Herald confuses its readers, calling upon them one day to condemn the report because the big interests are behind it and the next day because some leftist group of academic reformers are behind it.

* * *

The truth is that the only serious opposition to the major recommendations comes from those who think of the provinces as the real governments of Canada; and who think of sectional interests as more important than the national interest. It is natural that provincially minded politicians such as Hepburn and Aberhart, and newspapers with a thoroughly localized point of view, should object to any return to the original aims of the Fathers of Confederation and to any effort to give Canada a stronger central government.

The local, provincial or "Balkan" attitude to the recommendations has a right to be heard. This is a democratic country and it is well that we should argue out this question of whether Canada should be one nation or a loose aggregation of local governmental units. But in a democracy the majority counts. And it is clear that the newspapers and public bodies which favor a stronger nation, with one major government instead of 10 oversized governments, are overwhelmingly in the majority in Canada.

It would be a tragedy if we lost this opportunity to rebuild the structure of Canadian public finance and to strengthen the country for the strain and shocks of the post-war period.

* * *

Good Example Needed In Public Saving

The Minister of Finance assures us that further reductions will be made in Dominion Government routine expenditures. That is good news. Economy, as well as production, is needed to win the war.

The budget of last June forecast that $77 millions would be cut off Dominion Government non-war expenditures in the current year.

We have had eight months of the year. Total non-war expenditures of the Government—eliminating war and defense—have dropped by $35 millions from a year ago.

That figure may easily give a misleading impression. In the eight months, the business boom due to the war has reduced the amounts that had to be spent on relief works and grants by $11 millions.

War traffic has reduced the operating loss on Canadian National Railways by $26.5 millions.

Thus two fortuitous items more than account for the savings that have been shown.

The people are being appealed to save, save, save; to deny themselves

(Continued on page 2, col. 3)

Bottlenecks Blamed On Federal Aircraft

Leaders in Industry See Government Concern As Major Obstacle to Capacity Production—Confidence Lacking in Anson Programme

Federal Aircraft, Ltd. remains the most important and critical question mark in Canada's aircraft programme.

Three weeks ago The Financial Post reported the fears of aircraft manufacturers as to whether this vital link in the Empire Air Training programme would be able to "deliver the goods."

Now leaders of the Canadian aircraft industry interviewed by The Post express their belief that maximum production from Canada's aircraft industry cannot be assured unless this company in its present form is eliminated entirely.

Biggest Concern in Canada

Federal Aircraft is a wholly-owned government enterprise formed last summer in the hope of bringing order out of chaos in the manufacture of Avro Anson planes. On paper this company is the biggest aircraft concern in Canada. It has $50 millions of orders on its books. Bulk of its operations are farmed out to several large aircraft manufacturers and also to hundreds of smaller firms and contractors.

Officials of the company interviewed by The Post maintain that very real progress is being made in spite of the handicaps under which the Anson programme has labored. (It was necessary to redesign the Avro Anson after events of last summer curtailed shipments of engines and other vital plane parts from the U. K. The redesigned Anson with an American engine, the Jacobs, is now nearly ready for a test-flight, although production of planes in quantity is not promised until mid-summer of 1941.)

Lack of Confidence Reported

One difficulty is Federal's seeming inability to hold the confidence of aircraft manufacturers on whom it must depend for results. Leading aircraft producers report an increasing lack of confidence in this company. They state that it continues now as in the past to be "long on promises and short on performance."

Federal officials do not agree with this. They state their belief that there is the utmost co-operation in the aircraft industry and that this co-operation extends to their organization. They also state that if the general results of their programme are not satisfactory they welcome criticism. They maintain there is no likelihood of any tie-up because of lack of materials or parts, although estimates made to The Post by company officials as recently as four weeks ago have since proved greatly over-optimistic.

The Avro-Anson is considered a vital cog in intermediate and advanced training work. It has been called the "flying classroom for navigation training" and is specially needed for bombing experience.

Plans to manufacture parts of this plane and to assemble a large number of these machines in Canada have been under way for a considerable time. Since the collapse of France, Canada has had to assume almost the entire responsibility for manufacturing this machine independently of the U. K. Recent developments in Britain have made this need even more imperious.

When the changed fortunes of war demanded that the Anson be redesigned in Canada with an American (Jacobs) engine, a separate government-owned company (Federal Aircraft) was formed. The original intention, it is stated, was to give this company complete independence of action and authority in handling the Anson control. Something similar had already been done through another government concern (Allied War Supplies, Ltd.) created to direct and administer the chemical, explosive and shell-filling programme.

State Plan a Failure

Aircraft producers contend that in the case of Federal Aircraft this plan has proved a failure.

The company in its present form (that is under existing conditions of personnel and authority) is considered by representative aircraft manufacturers a liability, not an asset, a calamitous debit in the aircraft balance sheet.

One major mistake chalked against the Federal management is what is termed by airplane manufacturers its ill-conceived plan to undertake on

(Continued on page 2, col. 7)

Orange Crush Sales Higher

Net Uncertain Due to Non-recurring Expenses and Taxes

Sales of Orange Crush, Ltd., for year ended Oct. 31, 1940, were well up from the previous 12 months, The Financial Post learns from reliable sources. It is not clear yet, however, what the net result for the year is, due to tax uncertainties and additional expense incidental to the introduction of a new line in 1939 and the changeover to a new bottle this year. Net profit of $40,140 was reported in the 1938-39 year.

It is understood the base figure for computation of "excess" profits taxes is about $45,000. About 84½% of all earnings above this figure and 30% of all earnings below go to Government taxes, The Post finds. The company earned $48,640, before taxes, in the 1939 fiscal year.

New Bottle Introduced

A new 10-oz. amber glass bottle was introduced in the Montreal, Toronto and Hamilton plants at the beginning of 1940. New packages also have been introduced and have been adopted by the company's own plants as well as franchised bottlers in different parts of the country. The new line of bottled beverages, carrying the trade name of "Old Colony," has been an important factor in the sales volume increase.

Better business was due partly to the expansion of Montreal facilities by acquisition during the year of 100% interest in O'Keefe's Beverages (Eastern) Ltd. in which a smaller interest formerly was held. In connection with the purchase, Orange Crush issued or will issue 3,828 shares of common stock, after which 49,328 shares are to be outstanding.

Much of the expense incidental to the introduction of the new line and the new bottle and package is non-recurring. Maintenance of the high sales volume, therefore, for the year ending Oct. 31, 1941, would give a better net result.

GOLD OUTPUT SETS NEW PEAK

Final figures of gold production in 1940 are not yet available but it will certainly prove the highest on record, exceeding the $184 millions peak of 1939 by a wide margin. Estimates place the year's gold output at around $205 millions or approximately 40% of Canada's total mineral production for the period.

This year's increase reflects not only the continued growth of gold mining in Canada despite war's effects but the strong response of many gold mining companies to the Dominion Government's appeal for greater gold production. Efforts to increase production are not being relaxed and mining men are freely predicting an even greater increase for 1941.

Full Help By Spring To Britain

Ottawa Planning to Have All Available War Supplies Ready to Block Invasion

From Our Own Correspondent

OTTAWA.—On the threshold of a year which may well be decisive in world history, the Government is concentrating upon a "Now" policy. This means throwing into Britain every man and every piece of war equipment which will help to defeat Hitler if he stakes all on a gambler's throw.

The feeling here is that Hitler may make his supreme bid for victory, may throw everything he has against the British Isles within 60 days.

With this in mind, Canada is being combed for equipment which will serve Britain in this hour. Contractual divisions of war output, whereby Britain and Canada were to divide the output of our factories, are being ignored. All available equipment is being speeded overseas.

War production launched in Canada without British co-operation is being diverted entirely to Britain—this being particularly true of some airplane parts and accessories.

Cupboard Very Bare

Much as Canada strives to increase Britain's fighting power in the impending crisis, it is still true that our cupboard is far from bulging. Last spring after the evacuation from Dunkirk, every article of war equipment which was serviceable

(Continued on page 2, col. 8)

Offer Cash Prizes For Mining Entries

At the outbreak of war great interest was aroused among investors by the "Investing in Wartime" contest held by The Financial Post. Many ideas of exceptional merit were advanced. Many benefitted.

The importance of mining stocks was particularly revealed in this contest. Two mines were placed first and second among Canada's favorite stocks as shown by an analysis of the portfolios submitted.

Since that contest, Canada's mines have assumed perhaps greater importance. Growth at many mines has been close to spectacular. Investors are really interested.

In view of this new interest, The Post has decided to hold a new contest, "Investing in Canada's Mines," stressing the selection of an entire portfolio of mining stocks for an investor.

This content is open to everyone, subscriber and non-subscriber alike. Substantial cash prizes will be paid for suggestions as to best investment policies under existing conditions.

First prize is $100. Second prize is $50.

Besides these prizes a number of articles that do not win prizes will be paid for at regular space rates, or approximately $25 a piece.

It is desired that a large number of Canada's best informed investment consultants will enter the contest as a service to Canadian investors, but the average investor is also urged to present his ideas through the contest forum.

For details of the contest and the conditions, which are both brief and simple, see the announcement in the advertising columns on page 19.

More Storage Help Hinted

Gardiner Suggests Government Aid For 1941 Wheat Crop

From Our Own Correspondent

REGINA.—The Government may help to solve the problem of storage on farms for the next crop, Hon. J. G. Gardiner, Dominion Minister of Agriculture, hinted at the conference of agronomists at Saskatoon. On the other hand there is the argument that favors large storage units at terminal points, anywhere from the lakehead west to the Rocky Mountains which could be built much cheaper than the small units on separate farms.

Mr. Gardiner talked in units of $100 for farm storage bins. The pool adds the suggestion that such bins be of the sealable variety so that cash advances could be arranged, with the grain remaining under seal at the direction of the Wheat Board or some government agency.

Estimates Vary

There is at present in Canada something approximating 500 million bushels of wheat storage, of which 70 millions is temporary. The tentative policy of the wheat pools is that there will be room during the 1941-42 crop year for the handling of 250 million bushels of wheat, of which 50 million bushels would be consumed domestically.

Allowing Mr. Gardiner's average of a 380 million bushel wheat crop next year, there would be 130 million bushels left without storage facilities. That is one reason why both the grain trade and the wheat pools are pressing for an announcement of Government policy in late February or in early March. Present indications are that there will be little reduction of wheat acreage next year in the West. If production equals the present crop, it would mean more like 250 million bushels left without storage facilities.

What the Government policy will be remains to be seen but the pools are pressing for the ever-normal granary policy, which would entail farm storage. The Winnipeg grain trade has not yet been heard from but it is believed the line elevator companies are prepared to go into the bulk grain storage proposition if given time to select sites and construct. Such buildings would be of temporary nature, to be removed when no longer required.

Algoma Now Operating At Peak

Mine Output Above Estimates — Coke, Pig Iron Output and Mills at Capacity

Actual output of the Helen Mine, operated by Algoma Ore Properties Ltd., subsidiary of Algoma Steel Corp., for 1940, amounted to approximately 365,000 tons of sintered ore, according to the president, Sir James Dunn.

This mine, and the sintering plant where the ore is concentrated and treated to increase the iron content to about 50%, has a calculated annual capacity of about 300,000 tons. It started operation in July, 1939, and up to April, 1940, had produced 122,964 tons of sintered ore.

To develop much beyond the actual 1940 output would require considerable extension of operations, according to Sir James, and there is no present intention of making such extensions. The whole mining operations—the aerial tramway transport from the mine to the sintering plant and the sintering operation itself—have worked very satisfactorily all season, he says.

Steel Plant at Capacity

At the steel plant of Algoma itself the coke ovens, blast furnaces and rolling mills are working at capacity. Coke production is 61,000 tons a month against 51,000 tons a month at this time last year. Pig iron output is now 1,300 tons daily as against 900 tons daily a year ago. The company is employing 4,400 workers at Sault Ste. Marie at present, a gain of 600 from this time last year.

Algoma Steel's year ends April 30 and it is probably too early yet to estimate what earnings the company can report. In the year ended April 30, 1940, gross sales totalled $16.3 millions, a gain of 57.24% over the previous year. With sales of this amount, net profits came to $780,240, over three times that of the 1938-39 period, and equivalent to $1.62 a share on the common.

Taxes, Costs Up

This year taxes will be substantially heavier and will undoubtedly keep earnings down below what would normally have been expected from output at the scale prevailing in the current year. Also it should probably be pointed out that steel prices have not changed to any extent, while costs have risen.

Algoma Steel has been paying regular dividends on its 5% preference stock since the beginning of this year. This stock was first issued following the reorganization of 1935, but the dividend was not made cumulative until Jan. 1, 1940. The company has never paid any dividends on its present common.

Wage Ceiling for War Workers May Extend to All Industries

If necessary, Ottawa's new wage policy can and will be extended to all types of industry in Canada, The Financial Post is informed.

At present, the new programme for stabilizing wages in line with living costs applies only to war industry. This is because, so far, the bidding up of wages has been confined to industries engaged in war work. If there is evidence of wages getting out of line in non-war industries the new wage order can and will be extended.

"War" industries are those designated by order-in-council in Nov., 1939, as coming under the Industrial Disputes Investigation Act for the duration.

War Contracts Affected

If the new wage policy can be made to "stick" the country may be saved a peck of labor and inflationary troubles as well as several hundred millions of dollars on war contracts. Chief reason for drafting a wage policy of this type was the breakdown of ordinary bargaining and conciliation in respect of war contracts.

Some companies were being permitted to recoup themselves for increases in wages by having the contract prices raised. Many of the contracts made between industry and the Department of Munitions and Supply contain "escalator" clauses permitting wage increases when found to be justified. These increases were a matter of personal decision on the part of the Minister of Munitions and Supply. He alone had power to refuse or accept wage increases as justifying a change in the contract price.

The new wage policy aims to right that situation and provide a "standard" against which ordinary wage negotiations can function.

It is this wage "standard," not the cost of living wage bonus, which is the basis of the new policy.

The Government has created a yardstick against which all requests for wage increases may be measured. The yardstick is the general level of wages reached in the years 1926-29. This does not mean the "average" of wages in that period.

What is intended, The Financial Post is informed, is that any wage level established during that period or subsequent to it is to be accepted as fair and reasonable. Any higher level is considered unreasonable.

Wage Rates Compared

An official index of wages in the 1926-29 level is compiled by the Department of Labor, Ottawa, for nine specific classes of labor. In only six of these groups are wage rates available as yet for 1940. Wage rates in this "standard" period (1926 equals 100 in each case) together with current wage rates are shown below.

Index Numbers of Wage Rates (1926=100)

	1929	1939	1940
Building	115	99.2	101.5
Metal	104	107.0	111.7
Printing	105	99.1	100.7
Elec. railways	105	103.4	106.4
Steam rlys.	110	109.6	109.5
Coal mining	101	104.4	....
*Weighted aver.	108.6	105.0	....
Com. factory labor	100.3	107.5	....
Misc. factory trades	102.7	107.7	....
Logging, sawmilling	102.5	107.5	111.2
†General aver.	105.2	106.4	....

*Of preceding rates.

†Of all preceding rates; weighted.

When complete figures for 1940 are available, the 1940 wage rates, in all except the building and printing trades, will probably be above the 1926-29 standard. Thus the Government's new wage order is virtually a "standstill" order on wages.

The most important exception is that of the building trades where the present rate of wages is nearly 12% below the 1929 standard. However, the order provides a safeguard against a too-rapid rise in building wages.

It states specifically that wage increases in any one year shall be limited to 5% of the prevailing rates in any industry where 1926-29 rates are higher than current wage levels.

Special Circumstances

Provision is also made to permit the board or the Department of Labor to use its judgment in determining whether there are any special or abnormal circumstances to make 1926-29 level unsuitable to be regarded as a "standard." This is to prevent:

1. Some exceptional wage rates established in a particular community under abnormal circumstances from being illegitimately set up as a standard.

2. To prevent wages in any trade which can demonstrate that it was in a depressed condition, even in 1926-29, from being frozen at a depressed level.

In all cases the aim has been apparently not to provide a set of arithmetical calculations so much as a general policy to direct the Boards of Conciliation set up under the Industrial Disputes Investigation Act. It is not considered probable that any "awards" will be made in future

(Continued on page 2, col. 6)

Gross For Rails Best Since '30

Combined Earnings Total for 1940 Attains Ten-Year Peak

From Our Own Correspondent

MONTREAL. — Combined gross earnings of Canadian railways in 1940 were the best since the pre-depression year of 1930.

With two weeks remaining to complete the year, it is indicated that gross earnings will approximate $416 millions. Comparable figure for 1930 was $441 millions. In 1929 combined gross earnings totalled $523 millions.

Combined Gross Rail Earnings (In 000's of dollars)

1940 (est.)	$416,000	1934	$290,445
1939	355,101	1933	262,789
1938	324,501	1932	285,040
1937	343,482	1931	348,351
1936	325,173	1930	441,968
1935	302,863	1929	522,553

The War And Business . . A Weekly Round-up

Cessnas Coming

Canada will shortly be taking delivery of some new Cessna (T50) training planes purchased quietly in the U. S. some time ago.

The Cessna is said to be cheaper, faster and less costly to operate than the Anson twin-engine bomber-trainer which Canada has been counting on very heavily for advanced and intermediate training planes.

Since Canada is nowhere near production of Ansons, in light of recent difficulties in getting substitute machines from Great Britain, the Cessna is expected to play an important part in the training plan.

* * *

Anson vs. Cessna

There is considerable argument as to just how satisfactory the Cessna will be in replacing the Anson trainer.

Although the Anson is an old plane, one group of experts say it is still without a peer as a trainer for bombing and gunnery schools. Others claim that the British are now ordering Cessna's in preference to Ansons.

Ansons are more expensive to build and operate but have the edge in visibility, capacity and "turret" construction, it is said. They are dubbed the "flying classroom" of navigation training.

* * *

Audit Joker

Until recently all Government munitions contracts included the following clause:

"It is understood that your prices are fair and reasonable and show the same or less profit as you make on ordinary business of like kind and quantity."

But at least one manufacturer who thought this was the basis on which he was doing business, found when he made deliveries that the contract showed a much different clause.

In essence the new clause made his books subject to Government audit to "ascertain the actual factory cost" with no time limit as to when such audit could be taken.

If the audit showed profit in excess of "fair and reasonable profit" the price charged was to be adjusted downward so that the profit "shall be such as is in the opinion of the Minister a fair and reasonable one."

* * *

There has been a violent protest from manufacturers against this new clause. Objections are raised chiefly on two points:

1. That there was no appeal from the Minister's decision.

2. That there was no determination as to the period of time within which the audit would be made.

For instance, the audit might easily not be made until some considerable time, perhaps years, after the close of the fiscal year and the making up of income tax returns.

Ottawa is now considering allowing an appeal to the Exchequer Court from the decision of the Minister.

Pressure is also being brought to find a formula for permitting the income tax department to revise its assessment in the event of such an audit taking place under circumstances described above.

* * *

Parasites

Current issue of the Toronto Better Business Bureau bulletin has a timely warning against canvassers who are said to be hounding those who obtain Government contracts, as soon as their names appear on the official lists issued each week from Ottawa.

These companies, it is stated, are promptly contacted by numerous canvassers representing "a number of civil service, veteran, labor, police, military and other publications of a similar nature."

Says the Bureau:

"While these persons don't always say so in so many words, they intimate in no uncertain manner that 'if you wish to obtain any more orders from the Government' it would be just as well if you placed the name of your firm in this publication."

The Bureau says it's hard to get evidence on the "cowardly parasites" who practise this particular form of blackmail but suggests that if they don't leave the office immediately after the conversation they be assisted by force.

* * *

"Now" Programme

Whaley-Eaton is laying very great stress on the significance of the "now" programme which is the nub of present Anglo-American conversations.

The "now" programme refers to things which America can give, loan, sell or do for Britain NOW, as distinct from the longer term defense programme which cannot begin to produce really tangible results until late 1941 and 1942.

Most immediate focal point is the question of shipping and convoys. Britain has asked for ships and convoys with crews, to help beat back the all-out attack which Hitler is thought to be preparing to launch within the next 60 days.

One telling argument that is being used to meet U. S. isolationist arguments is that whenever a ship is sunk that carries essential munitions it means that just so much American production has been lost, so many man-hours thrown away. Neither Britain (nor the United States) can afford to lose this production.

* * *

Sirois in Camera

The Dominion-Provincial conference to be held in Ottawa in January is not likely to be open to the public. Ottawa believes that much more will be accomplished if the meetings are held in camera. If this is done, it is said, the participants will get certain views "off their chest," which they would not otherwise do if the meetings were thrown open to the public. This is in line with experience at previous interprovincial parleys, which have almost invariably been private.

There is, however, almost sure to be one public session at the beginning of the parleys.

* * *

Canada-U. S. Supply

Important progress is being made around Parliament Hill toward standardizing war supply as between Canada, Britain and the U. S.

When the Permanent Advisory Committee on Defense was set up last fall one of the jobs outlined for it was to discuss common munitions supply problems between the two countries. But nothing was done.

As reported in The Post last week, one plan now under discussion is to form an industrial committee separate from the main advisory board and give it power to work out standardization from the industrial point of view.

When Messrs. Ralston and Howe return, perhaps before, some appointments will be made. Meanwhile important preparatory work is now being done to clear the way for such a body.

New U. S. War Aid Plan Applies Also to Canada

From Our Own Correspondent

OTTAWA.—The Roosevelt policy regarding aid to Britain applies equally to Canada, The Post is informed.

In the case of Britain the matter was of extreme urgency. On the basis of her present huge commitments Britain was nearing the end of her resources.

With Canada there is not the same urgency. This country has still several anchors to windward.

For one thing it has been generally understood and reiterated that Canada prefers to borrow in the United States rather than liquidate United States securities owned by Canadians. But it is considered unlikely that the United States would wish to lease war equipment to Canada while such securities were still unliquidated.

Plan of Procedure

It seems probable, therefore, that Canada's line of approach will be first to take more drastic steps to level her unfavorable trade balance by added restrictions on imports.

If this is not sufficient then she will likely seek to borrow money in the U. S. to meet her obligations.

If still further aid were needed and the U. S. insisted on liquidation of Canadian-owned securities, then that step might reluctantly have to be taken. However, the situation is not considered urgent.

In any event there is certainty that Canada will receive preferential treatment if, as and when it is required.

Washington View

Word from unofficial but informed sources in Washington is that the President's formula, while curiously phrased, results from British, U. S. Army, and Defense Commission pressure. Its purpose, said to be co-ordination of procurement as well as a short circuit for credit. It is hard to see how Canada could be left out in so far as munitions and purely war materials are concerned, but Washington observers doubt that the policy would apply on any other purchases.

7,000 Names Tabulated In Directory of Directors

Some 7,000 names of men and women who are directing the affairs of Canadian business and financial institutions are listed in the new The Financial Post Directory of Canadian Directors and Officials, just issued.

The list covers practically all fields such as industrial concerns, public utilities, merchandising firms, trust and loan and insurance companies, banks, mining and oil companies.

This is the fifth volume of this directory, the only one in Canada. It presents a revised and enlarged list of Canadian business leaders. It is alphabetically self-indexed in the order of the names of the individuals.

People whose names begin with "M" seem to supply the largest proportion of executive brains, for it takes 50 pages out of a total of 361 to list company directors and officials in that group. Of these 50 pages almost 16 are devoted to the "Macs." The "B's" come next with 38 pages, while the "C's" and the "S's" take 30 pages each.

Where possible the chief occupation of the individual has been noted. As many Canadian businessmen are now serving in some capacity on various Canadian war boards, these appointments have been shown as far as possible.

Make Sure You See —

Business Prospects in 1941

Business Leaders' Forecasts—p. 11.

Post's Flying Reporter in Colombia

Colombia—p. 8.

Canadian Run Placers—p. 18.

Active Year Ahead for Newsprint

War Uncertainties—p. 13.

Mining Responds to War Demands

Metal Output Soars—p. 18.

FINE APPAREL FOR MEN

RING IN THE NEW!

At the Men's Shop, we have a wonderful selection of evening dress accessories on hand to add distinction to your New Year's finery.

White cotton pique vests $5.00.
Dress shirts (plain or pique) $3.00 and $4.00.
Evening stud sets from $2.00 to $17.50.
Silk toppers $12.00 and $15.00.
Opera hats from $7.95 to $15.00.
White kid evening gloves $3.00.
Silver-capped ebony canes $7.00.
White real silk scarfs from $3.50 to $7.50.

Free Parking While Shopping

MEN'S SHOP

EATON'S - COLLEGE STREET

Newsprint Price Held At $50 to June, 1941

Canadian newsprint manufacturers are following decision of International Paper Co. to maintain the price of newsprint paper in the United States during the second quarter of 1941 unchanged at the base level of $50 a ton. This rate has been in effect since the beginning of 1938.

Newsprint is one of the few major international commodities on which there has been no price change since the war started. This is in line with the industry's policy of stabilizing the market and should be productive of building further goodwill among American publishers who constitute the principal market for Canadian newsprint.

W. S. Certificates Used as Christmas Gifts

The Northern Life Assurance Co. of London, Ont., is this year giving its salaried employees war savings certificates instead of the cash or merchandise usually given at Christmas time.

It has also sent each representative across Canada an inexpensive Christmas card to which is attached, so that it can be easily taken off, a war savings stamp. In previous years, the company sent its own special Christmas card.

Recently the company ran a successful sales contest and instead of giving the customary merchandise prizes, awarded war savings stamps and certificates to the winners.

Gotfredson Corp. Bonds Get 16% Distribution

A distribution of 14.5% in United States funds is being made by the National Trust Co. to holders of the 6½% first mortgage bonds of Gotfredson Corp. This is equivalent to about 15.95% in Canadian funds and brings total distributions to date to 26.95% in Canadian funds.

The latest distribution was made possible by sale of the Cleveland properties and leaves only properties in Windsor and Toronto to sell. The National Trust Co. reports total receipts from the estate of $963,511 and total disbursements of $795,942.

DIVIDEND NOTICE

Canadian Bronze Company, Limited

DIVIDEND NOTICE

THE quarterly Dividend of 1¼%, on the PREFERRED STOCK of CANADIAN BRONZE COMPANY, LIMITED, has been declared payable the 1st day of February, 1941, to Stockholders of record as of the 20th day of January, 1941.

Also a quarterly dividend of Thirty-seven and one-half (37½c) Cents per Share, together with an interim dividend of Fifty (50c) Cents per share, have been declared on the present outstanding COMMON STOCK of CANADIAN BRONZE COMPANY, LIMITED, for the three months ending January 31st, 1941. Payable the 1st day of February, 1941, to Stockholders of record as of the 20th day of January, 1941.

By Order of the Board,
W. C. PAQUETTE,
Secretary.

Montreal, P.Q.,
December 20th, 1940.

Life Sales Shade Lower

Insurance Totals Up in Ontario and Quebec, Off Elsewhere

Life insurance sales in Canada and Newfoundland in November at $32.9 millions were slightly lower than in Nov., 1939, according to figures compiled by the Life Insurance Sales Research Bureau. Ontario, Quebec and Newfoundland all showed gains.

Total for the year to date at $331.5 millions was .74% lower than in the same period of last year.

Comparative monthly figures by provinces follow:

New Settled for Ordinary Insurance (Thousands of Dollars)

	Nov. 1940 $	Nov. 1939† $	% '40 to '39
All Canada	32,899	33,034	99.58
Alberta	1,345	1,754	76.68
British Columbia	2,247	2,743	81.90
Manitoba	1,597	2,381	67.07
New Brunswick	933	1,074	86.86
Nova Scotia	1,557	1,716	90.74
Ontario	14,167	13,411	105.62
Prince Edward Is.	116	179	64.82
Quebec	9,535	7,674	124.24
Saskatchewan	1,009	1,750	57.65
Newfoundland	393	352	111.61
Total Jan. to Nov.	331,490	333,967	99.26

†Revised.

Crushed Stone Stock Listed

Company Paid 40 Cents a Share in 1940, and Redeemed Bonds

Common shares of Canada Crushed Stone Ltd., Hamilton, have been listed on the Toronto Stock Exchange. Listing covers 63,740 issued shares of no par value, out of an authorized capital of 66,580 shares. The company has no funded debt, having redeemed the remaining balance of its 6½% first mortgage bonds on June 1, 1940.

Present capitalization follows a reorganization carried out in Dec., 1939. Name of the company was changed from Canada Crushed Stone Corp. in April, 1940.

Dividends paid in 1940 totalled 40 cents a share in two payments, 10 cents on Aug. 15 and 30 cents on Nov. 15. Dividend payments have been irregular, with no disbursements reported for 1939. The company reported net profits of $12,468 in 1939 compared with a deficit of $16,934 in 1938. Current assets at Dec. 31, 1939, totalled $191,450 and current liabilities $20,326. Total assets were $1.6 million.

Protest 5% Tax On Rentals

Ontario Realtors Fear Outside Investors Will Be Discouraged

Protest against the inclusion of real estate rentals, among income paid to non-residents and taxable at 5% in Canada, has been made to the Department of Finance by the Ontario Association of Real Estate Boards.

Investment by non-residents in Canadian properties will be stopped, or at least seriously hindered, by inclusion of such rentals in computing this tax, the Association maintains. It bases its contention on the wording of the Income War Tax Act as amended and in particular on the following section:

"Tax of 15% on non-resident corporations and 5% on non-resident persons without any exemption or deductions in respect to the whole amount of all royalties, rentals or similar payments for use in Canada of patents, or for anything used or sold in Canada."

This, the Association maintains, should only apply to patents and not to real property rentals.

Nfld. Codfish Stocks Half of 1939 Total

Stocks of salt codfish declared by licensed exporters of Newfoundland on hand at Nov. 30 totalled 237,267 qtls. of shore fish; 49,334 qtls. of bank, and 62,183 qtls. of Labrador and Newfoundland soft cure. Total of all salt codfish at Nov. 30 was 348,784 qtls. This compares with 609,859 qtls. at Nov. 30, 1939, comprised of the following: Shore, 281,438 qtls.; bank, 21,057 qtls.; Labrador and Newfoundland soft cure, 307,364 qtls.

Winnipeg Utility Deal Applies Only to Zoning

From Our Own Correspondent

MONTREAL. — Winnipeg's Civic Hydro System is reopening negotiations with Winnipeg Electric Co. in regard to establishment of a zoning system, in order to eliminate duplication in meeting the lighting and power requirements of the city. Hitherto there has been considerable overlapping of facilities and some time ago it was suggested by the company to the civic system that it would be in the interests of both parties to arrive at an equitable zoning arrangement.

It has been reported the city was opening negotiations for purchase of the Winnipeg Electric Co.'s power distribution system in Winnipeg. This is officially denied by the company.

McColl-Frontenac Oil Uses Trinidad Crude

From Our Own Correspondent

MONTREAL. — McColl-Frontenac Oil Co. reports it has been supplying part of the crude requirements of its refineries since shortly after the outbreak of war by importing the production of its wholly-owned Antilles Petroleum Co.'s wells in Trinidad, rather than selling it in the open markets there. In this way it has reduced its purchases of U. S. crude and saved on exchange.

It is also stated the company's Moose Dome Well No. 1, about 45 miles west of Calgary, is drilling at the 1,400-ft. level with satisfactory progress being made. This well is being drilled on a 10,000-acre block of land in the Moose Dome structure which McColl acquired last summer.

The Nation's Business

(Continued from page 1)

luxuries and even necessities; to be frugal in their personal spending; to make the sacrifices that are necessary if we are to win the war.

The advice is good. If it is not taken war savings and war loan campaigns will fail. We shall have inflation and our war effort will be impeded.

Ottawa must, however, do more than implore people to economize. It must set the example itself. We hear of treasury officials burning the midnight oil to pare appropriations to the bone. Where are the resultant savings, if they exist? They are not revealed in the eight months figures. Does someone sabotage the work of Mr. Ilsley's advisers?

A glaring example of wasteful diversion of labor, steel, cement, brick and other sorely needed materials is to be seen in the Montreal terminal project. It is being proceded with for purely political reasons. That is not the kind of example to set to a people who are being preached at and scolded for their private spending.

The Government is not practising what it preaches. If it is practising what it preaches then there is something mighty misleading about the figures it puts out.

* * *

U. S. Gives Canada War Supply Lead

On paper the new production committee headed by William S. Knudsen and set up to speed the American defense programme, looks like any other government board. But appearances may be deceiving. In reality his new job gives Mr. Knudsen adequate powers to drive ahead and get war materials out of the blueprint stage and into finished form.

Informed Washington writers say that Mr. Knudsen will have all the powers needed to knock off bottlenecks and get results. Herbert Hoover, who has long urged a more businesslike defense organization in the United States, has hailed the Knudsen appointment as "a wise and important step."

Said Mr. Hoover:

"We learned some bitter lessons on the method of organization of munitions and supplies in the last war. The principal one was that production could best be had by the mobilized co-operation of industry, not by force. . . .

"But we learned that there must be responsible, single-handed leadership, not the indecision of boards."

* * *

In Canada we have not yet learned that lesson. We continue to appoint war supply executives to jobs where their responsibility is limited, their final authority negligible and their opportunity for co-ordination largely absent.

"There must be responsible, single-handed leadership to get results in a defense programme," says Mr. Hoover. Mr. Hoover is right.

Canada's war supply is lagging behind the country's capacity. The manner in which our aircraft production has been allowed to bog down, while well-equipped plants have waited and waited for orders, is tragic but it is not an isolated example.

* * *

The one dollar-a-year man who comes nearest to having some real authority at Ottawa, Harvey R. MacMillan, admits frankly that we are "coasting"; that our war effort is not what it should and could be. But even he has little power to do anything about it.

He and his associates may make proposals. They can plan and they can advise. But only the cabinet can act. The ministers are overburdened. They are beset by temptations to political compromise. They are divided among themselves as to the aims of our war policy. They are men of policy rather than men of action.

Canada will continue to do less than it could and should do in its industrial contribution to victory until it puts the control of war production in the hands of a businessman with authority to get results his own way.

* * *

That "Ceiling" On Wages

Discussions of the new federal wage policy have centred mostly around the cost-of-living wage bonus plan, which is the Government's formula for heading off labor disputes and curbing inflation.

The most important feature of the new plan is the setting up of a wage "standard" which will apply to all war contracts and, if necessary, to any industry where wages begin to get out of line.

The cost-of-living bonus is a secondary feature. It is included to give some protection against a higher cost of living to those who need it and at the same time to prevent general increases in wage rates under the guise of a cost-of-living adjustment.

* * *

One reason the new standard for wages is important is that many government contracts contain "escalator" clauses. These permit companies to recoup themselves for increases in wages by having their contract price raised.

The only way to prevent such increases would be a refusal by Hon. C. D. Howe, Minister of Munitions and Supply, to accept such wages as justifying an increase in the contract price. Wage regulation tended therefore to be placed in one minister's hands. The ordinary machinery for bargaining and conciliation was disturbed. Thus a prime purpose of the new order-in-council is to outline a basis or standard for wages which can be used as a yardstick in present and future contracts.

The new standard is not compulsory, but it has been agreed on unanimously by representatives of industry and labor through their representatives on the National Labor Supply Council. It is expected that Boards of Conciliation, called on to adjust wages in the future for war industries included under the Industrial Disputes Investigation Act, will conform to the principles which have been laid down.

* * *

The new wage programme leaves many questions unsettled. One is the question of whether it will be possible to take the prosperous, high-wage period of 1926-1929 as a standard for setting wages of workers and yet to fix the less prosperous years of 1936-1939 as the standard for the wages of industry and investors. Business is being squeezed from below by a new wage standard that is, in many industries, materially higher than the existing level; and from above by an excess profits tax that fixes profits at a point below what is reasonable for the current rate of turnover in many industries. The result will be very uncomfortable in some cases, too uncomfortable for a free-and-easy speed-up of production.

Training and Transfers Big Labor Problems

From Our Own Correspondent

OTTAWA.—Import of the Government's labor policy is now being considered by the National Labor Supply Council. This policy, as already announced, provides for a ceiling to wages, with bonus payments to compensate workmen for any advance in living costs.

Meantime, statistics of the unemployed, fully employable people throughout the country indicate the dimensions of the problem which must be faced if the full productive power of the nation is to be harnessed to war. Hitherto little has been done to meet this basic problem, although Hon. C. D. Howe, Minister of Munitions and Supply, has informed Parliament that "full" production is expected by next July; and Hon. Norman McLarty has reported an existing shortage in skilled workmen and an impending general shortage of labor.

Two Phases of Problem

The fully employable unemployed are, of course, only a part of the surplus or reserve manpower of the country. But they are an important part and the statistics indicate two things very clearly:

1. There will have to be large transfers of population from areas where there is no labor shortage to other areas where the shortage is acute.

2. Much training will be necessary before most of these people will be competent to take their full part in industry.

During the first year of war, the number of fully employables dropped from 142,298 to 79,036. Latest statistics show these people scattered across central and western Canada as follows. The number in the Maritimes is negligible.

	Aug. 1940	Aug. 1939
Que.	33,308	46,069
Ont.	20,308	48,505
Man.	7,702	11,117
Sask.	5,825	13,826
Alta.	4,679	7,580
B. C.	6,599	12,892

Proportionately by far the greatest reduction has taken place in Ontario. Quebec has made relatively small progress and the western provinces have still a long way to go.

No doubt the total is now even smaller than it was in August. The employment returns for September and October showed an increase in employment of 73,714 persons, the military training plan has lifted another 30,000 men out of civilian life. The fighting services are making steady inroads into manpower at the rate of about 7,000 per month—chiefly the air force.

Training Needed

When the statistics on these employables are examined it is clear that relatively few are competent without training to work in factories. There are 59,984 men and 19,052 women, grouped as follows:

Service workers*	12,619
Laborers	24,627
Construction	6,372
Tradesmen	5,179
Transp. workers	3,305
Factory workers	7,024
Farm workers	2,705
Clerks	1,846
Others†	3,530

*Waiters, maids, cleaners, etc.
†Including mining, fishing and hunting, finance, logging, and miscellaneous groups.

In addition, nearly 12,000 are under 29 years of age and have never worked at all. Of this group, 6,084 are women and 5,645 men.

The other important factor has to do with age groups. About 27% are over 50 years of age; 14,796 are between 40 and 50; 16,409 are between 30 and 40; 15,390 are between 20 and 30; and 10,737 are under 19 years of age.

The age grouping reveals how difficult it will be to transfer these people to areas of labor shortage. Also, these 79,036 people have 205,517 dependents, including 137,700 children of 16 years or less. They are chiefly heads of families with homes to keep up and children to look after. It will plainly be no simple job to shift them from one part of the country to another. Moreover, unless their labor is to be lost to the war effort, they must be trained to take their place in war industry.

Board Investigating Prince Albert

The default of Prince Albert, Sask., on debenture interest due last July 1, is now being investigated by the Saskatchewan Local Government Board. A hearing was held recently to take the evidence of representatives of the city and debenture-holders.

The July default was on two lots—one for £2,900 due in London and the other for $52,833 payable in Toronto. Later a writ was issued against the city by a group of debenture-holders and the city applied to the Local Government Board for a six-months stay of proceedings. By so applying it automatically placed itself under jurisdiction and supervision of the board.

DOSCO OUTPUT HIGH

Output of pig iron by the Sydney plant of Dominion Steel & Coal Co. was 33,000 tons in Nov., 1940, bringing output for the first 11 months to 360,000 tons. This is well above annual average of recent years and compares with 11 months' output in 1939 of 228,000 tons and 259,000 tons for the whole year.

Thrift Stores Makes Changes in Staff

From Our Own Correspondent

MONTREAL.—Two staff changes have been made by Thrift Stores Ltd., following resignation of G. A. Wright, former vice-president and general manager, who resigned to become president of Wilsil Ltd.

R. J. Ward, secretary-treasurer of Thrift Stores was appointed by the board to the post of assistant to the president. R. H. Aldrich, office manager, takes over the office of secretary-treasurer. Mr. Ward will be in charge of operations.

Benson & Hedges Pays Bonus to Employees

From Our Own Correspondent

MONTREAL.—Benson & Hedges (Canada) Ltd. announces a salary or wage bonus to all employees who have been with the firm for more than four consecutive months prior to Dec. 31, 1940. The bonus, depending on years of service, ranges up to 10%.

Vancouver Bonds Strengthen

Election of New Mayor Seen as Mandate for City to Meet Debts

Strengthening of quotations on Vancouver debentures has resulted from the election of a new mayor for 1941. With little trading, prices have moved up one to three points.

The new mayor, Alderman Jack Cornett, is hailed as an advocate of better business methods in municipal management, so investors feel more optimistic toward the city making greater efforts in the future to meet 100% of its obligations. Socially-inclined Mayor Lyle Telford recently has been suggesting the need of the city defaulting on debt payments "in the not distant future" unless the province grants the city's plea for better terms.

Investors point to a substantial improvement in current budgets for 1937-40, also the sufficiency of the sinking fund to meet heavy 1941-44 maturities and still leave a $6 millions balance. They suggest this is evidence on the ability of the city to continue paying its way, and all that is needed to avoid the danger of default is a "will-to-pay" on the part of the city and its voters. The bringing to power of Alderman Cornett is hailed as a mandate from the electors that they still retain a full "will-to-pay."

Inter. Utilities Buys Dominion Gas Bonds

Approval of the Securities and Exchange Commission, Washington, has been obtained by International Utilities Corp. for the purchase at market of $294,000 principal amount of 6½% collateral trust bonds of Dominion Gas & Electric Co., a subsidiary.

Approval formerly had been obtained for the purchase of as many bonds as could be bought with the sum of $137,016, which had been secured from Walnut Electric & Gas Corp. on account of a promissory note held by International. Total of $136,620 has been expended for purchase of $167,000 principal amount at 81.8% of par.

Present market is about 86% of par. On this basis, $110,000 received for the sale of Hermiston Light & Power Co. will permit the acquisition of $127,000 additional bonds. Added to the $167,000 already acquired, aggregate purchase totals $294,000.

Dividend Policy Stated By Jam. Pub. Service

From Our Own Correspondent

MONTREAL. — Jamaica Public Service Ltd. announces the quarterly dividend of 17 cents a share payable on Jan. 2, 1941, will be distributed only to those shareholders who hold old certificates and were issued new ones before the close of business Dec. 20, 1940. Dividend for the balance is to be withheld for the common shareholders and thereafter paid when the old certificates have been surrendered, but in no case prior to Jan. 2, 1941.

WINERIES DIVIDEND

A dividend of 15 cents a share has been declared on the common stock of Canadian Wineries Ltd., payable Jan. 9 to shareholders of record Dec. 19. This is the same amount as was paid a year ago, while a dividend of 25 cents was paid last May.

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Wage Ceiling for War Workers

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which do not conform to the new policy.

The Government decided it would be unwise to use compulsory powers as long as workers are willing to co-operate.

"There is no general evidence as yet that labor is not prepared to give this co-operation," said one official in discussing this feature of the act.

Living Costs Protected

Having established a yardstick or standard against which present-day wages can be measured, the Government seeks to make some provision for protection against a rising cost of living. The order-in-council suggests "points to be observed" to ensure that basic living standards "will not be impaired by any unavoidable increases in the cost of living."

1. Cost of living changes shall be measured by the new Cost of Living index prepared by the Dominion Bureau of Statistics in co-operation with the Department of Labor and the Wartime Prices and Trade Board, "with such adjustments as regional requirements might indicate to be justified."

Although the cost of living index in its new form has not been taken back prior to 1935, the order-in-council points out that the cost of living as reported in the Labor Gazette for Sept., 1940, was 12.6% below the average level for 1929. Though there has been an increase of 1.3% since then, living costs are still more than 11% lower than they were in 1929.

Any workers in groups whose wages are now stabilized at a 1929 level, would therefore have that much leeway in the earning power of their wage dollar.

2. The bonus should be determined at intervals not more frequently than quarterly and paid in the first instance only if the cost of living has risen as much as 5% since Aug., 1939, or since the time of any wage increase subsequent to that date; thereafter the bonus shall be adjusted only if the cost of living has risen by 5% or more since the last previous determination of a bonus payment; the bonus shall be decreased only in case the cost of living has decreased by 5% or more since the last previous determination of a bonus.

3. Bonus payments should be a flat amount per week or per hour, uniform for all workers, and calculated to protect the worker against increases in the cost of basic necessaries of life.

This does not mean that wages should go up 5% whenever the cost of living has risen. It does aim to provide for a uniform cost of living bonus in cents per hour or per week and uniform for all workers.

The plan is devised to protect only the basic standard of living, that is the necessaries of life.

For example:

A board of conciliation might decide that a laborer getting 40 cents an hour would spend practically all his wages on the necessaries of life. Thus he might be entitled to a bonus of 2 cents an hour, if the cost of living rose by 5%.

At the same time, a worker getting a dollar an hour, would only be entitled to the same 2-cent bonus.

Reasonable Adjustment

Though the order-in-council makes reference to Aug., 1939, any calculation of bonus starts from the date of any subsequent increase.

Thus the plan is not to be considered an alternative to freezing all wages at their present levels, without regard to possible hardship involved.

It is intended to be a reasonable method of procedure to offset the unreasonable changes which have been made from time to time in the form of 5, 10 or 15% increases in general wage rates on the general theory that the cost of living has risen.

THAYERS CUTS DIVIDEND

Thayers, Ltd., distributor of petroleum products in Ontario, has declared a dividend of $2.50 a share on its preferred stock, payable Jan. 1, 1941, to shareholders of record Dec. 24. For the three previous years, the company has paid full dividends of $3.50 a share at the first of the year. Arrears after the coming payment will amount to $2

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Federal Aircraft is Blamed

(Continued from page 1)

its own the manufacture of Anson fuselages.

In mid-August, shortly after Ray Lawson, London lithographer (with no previous aircraft manufacturing experience) had been named dollar-a-year president of Federal Aircraft, he conferred at Montreal with representatives of the three companies under contract to make Anson fuselages. The manufacturers were asked how quickly they could get into production. One manufacturer, at least, refused to commit himself. He stated he had not received sufficient drawings, information, etc., to permit an estimate. He criticized several phases of Federal management.

To Build Themselves

Following this conference, Mr. Lawson and his directors decided to produce fuselages themselves, the implication being that the manufacturers were either too slothful or incompetent to do the job without some "competition."

Originally, Federal was to merely co-ordinate and organize the manufacture of Ansons in Canada. But the company decided to go into the manufacture of Anson fuselages itself, in competition with three established manufacturers who were themselves under contract to make this part of the plane. Federal rented vacant space in the basement of the Montreal Stadium. Starting from scratch and with "borrowed" technicians Federal started to "show" the three aircraft companies, which already held contracts, how easy and simple it was to make a fuselage.

Cellar Manufacture

In the basement of the stadium they set out to duplicate the machinery, staff and equipment already functioning in three of the best airplane manufacturing establishments in Canada. (One of these is a brand new $2 million plant built by the Government specially for the Anson job.)

On the admission of a senior official of the company they "borrowed" a superintendent from one plant and certain keymen from other plants. Aside from these "borrowed" experts the company is now said to be training its own staff. A director of the company tells The Post that "a fuselage" has already been assembled in this plant.

The fuselage is the centre section of the plane. It contains many thousands of intricate parts and fittings. Some 50,000 man hours of work are required alone to set up jigs, etc., for the bare uncovered, unfitted framework.

Failed to Supply Drawings

Nub of the bickering and controversy which has marred relationships of Federal Aircraft and established aircraft companies is the alleged failure of Federal to supply drawings, materials, parts, etc., with which to manufacture Anson wings, fuselages, etc. Federal Aircraft (judging by its entrance into the field of manufacture itself) was apparently dissatisfied with the progress on Anson fuselage production in established aircraft plants. The manufacturers, on their part, report failure and delay in obtaining from Federal the drawings, specifications, materials, parts and other essential items with which to complete their work.

Federal's decision to set up a manufacturing establishment of its own was made last autumn.

Inadequate Drawings

One allegation made at the mid-August meeting (to which reference has already been made) is that sets of "drawings" for the fuselage had actually been delivered to the manufacturer in question, two weeks prior to the meeting. The Post is informed that these "drawings" covered only the bare tubing of the fuselage—about 5% of the total job. After that there was a further delay of nine weeks before the first shipment of material for making this "bare" fuselage was received.

No more drawings were available until mid-November, nearly three months after the Montreal meeting. There are still some drawings missing.

This particular company still does not know exactly how much of the fuselage it is to manufacture, although the order has been hanging fire since midsummer. It has no assurance that even a reasonable proportion of the parts for the fuselage will be ready. Some of the parts which take longest to make—some forgings, for example, reported are not yet on order. No satisfaction can be obtained on simple questions as to who is to make various component parts, the progress of such orders, promised date of delivery or even any assurance that parts vital to a fuselage have even been ordered.

Federal's reply is this: "You will receive well in advance of assembly information as to sources of supply, delivery dates on all components going into the assembly."

Four Months Late

At the end of August, when pressed for definite undertaking as to when completed fuselage could be delivered, one of the three contracting firms is said to have undertaken "on the assumption that full materials would be available without delay," to deliver the first completed fuselage on February 1, 1941, and to deliver fuselages at the rate of 10 per day beginning June 15, 1941.

The Financial Post is informed that this programme is now four months behind schedule, due primarily to lack of materials, drawings, specifications, etc., and to delays over which the company has no control. There is now little or no possibility of the first fuselage being ready, complete, before June. That would mean no volume production before September.

September, it will be remembered, is the month when, according to the revised and accelerated programme, the air training scheme will be sending across to Britain its peak complement of trainers, observers and pilots.

Yet these Anson machines are the intermediary and advanced training planes which these men were depending on to use.

Problem of Substitutes

True, substitute planes are now having to be found from other sources, but either these will be at the expense of Great Britain or else they will be of a type considered inferior for this purpose.

Recent developments in Great Britain raise some doubts as to whether or not the chief alternate source which had previously been counted on to fill in the gap left by the breakdown of the Anson programme will now be available.

Capable and experienced leaders in the Canadian aircraft industry now insist that if performance is to replace promises Federal Aircraft must be eliminated. They urge that the Anson programme be placed preferably in the hands of one competent aircraft firm or in the hands of someone who has the confidence of the industry and with the competence and authority to get results.

No Chance for Industry

The Canadian industry (in which even a year ago was more than $15 millions of private capital invested) contends it is having an uphill battle to establish in the minds of Government officials its ability to handle successfully a job of this nature. It points to one or two facts which it believes are typical and which support its point of view.

For example, one plant held a contract calling for delivery of 400 planes of a certain type by January, 1942. Every one of these planes, it is said, will be available or delivered a full year ahead of the contract date. The price to the Government will be substantially lower than that bargained for originally.

Another plant states that in the manufacture of a certain wing (not Anson wings) it is now turning these out substantially cheaper than they are being produced anywhere else in the world and at a cost one third below the target price.

Federal officials point to savings which they claim to have made by "shopping around" outside the aircraft industry for various parts. What this Government-owned company with $50 millions of business on its books has yet to prove is that it can "deliver the goods"—at any price.

Full Aid by Spring To Britain

(Continued from page 1)

was gathered up and sent—airplanes, Ross rifles, artillery, ammunition, shells, etc. Personnel was combed in the same way, regardless of the difficulties which were created thereby in staffing the air training plan with instructors.

Routine search for additional supplies will continue until decisions made by Hon. J. L. Ralston and Hon. C. D. Howe, now in London, reach Ottawa. The direction and emphasis of Canada's programme will be affected by these conversations.

High up on the list, it is understood, may be questions affecting the disposition of the first two Canadian divisions—whether they should remain in Britain or participate in the Middle East fighting—and the standardization of equipment as between Britain and the United States.

Different Standards

At the present time, one of the great difficulties in the war effort is that the United States and Britain use different calibres of guns and therefore of ammunition. Canada, at the moment, is producing two types of rifle cartridges, having obtained a supply of U. S. rifles last spring to replace arms shipped to Britain. The variation in calibres runs right through the whole armament. Variation also obtains in signal and telephone equipment, in airplanes and airplane armament and so on.

Hudson's Bay Company Makes Appointments

The Hudson's Bay Co. announces appointment of C. S. Riley, Winnipeg, as a member of the London committee and chairman of the Canadian committee. Mr. Riley succeeds George W. Allan who died recently.

The company also announces appointment to the Canadian committee of P. A. Chester of Winnipeg, Canadian general manager.

Interprovincial Row Looming In Sirois Conference Report

From Our Own Correspondent

OTTAWA.—With the Dominion-provincial conference only a few weeks away, prospects for the adoption of the Sirois report are steadily becoming darker.

Three factors combine to make this so:

The Dominion Government remains unchanged in its decision to avoid an open breach with the Hepburn Government. Prime Minister King is not prepared to make an issue out of this report. If the provinces, particularly Ontario, are not willing to accept it, with or without modifications, he will bide his time until a more favorable opportunity occurs.

Provincial Row Coming

The antagonism of the Hepburn Government is believed to have increased, not diminished, and the Hepburn delegation will arrive at Ottawa adequately equipped with monkey wrenches, sand and dynamite.

There are growing indications of a sharp cleavage of opinion between the provinces, with some prospect of the conference developing into a first-class interprovincial row, with the Dominion in the rôle of referee and pacifier-in-chief.

Hepburn Stand Unchanged

Reports that Premier Hepburn had modified his position on the report and is now willing to accept it, subject to minor changes, are interpreted here to indicate not a change in heart but, rather, a change in tactics. Instead of attacking the report frontally Mr. Hepburn is now believed to be considering a different method of attaining the desired end. He is reported as likely to take the position that the report may be necessary as a war measure, but that, if so, it does not go far enough.

The adjustment grants, Mr. Hepburn may argue, are to be paid to provinces which cannot support themselves and, as the prime minister of the province which digs up about half the taxation paid in Canada, he cannot agree that Ontario money should be turned over in this way without plenty of strings being attached. These are really bankrupt provinces and adjustment grants must be paid only where the whole financial administration of a province is placed under Dominion control and supervision. In effect, this would mean a receivership for the weaker provinces—a course they would certainly resist. So the fat would be in the fire.

Wide Opposition

As the situation in Ontario clarifies, it is apparent that Premier Hepburn in assuming the rôle of chief opponent of the report is not erecting any barrier between himself and the federal Liberal party in Ontario. It should be remembered that the Dominion Government has never come out, flat-footed, for the report and therefore no conflict in party loyalty arises. In point of fact, many federal Ontario Liberals, who disagree with Mr. Hepburn in most matters—Arthur Roebuck is an example—are critical of the report and there is good reason to believe that this antagonism extends into Ontario's contingent in the federal cabinet.

But while the Government as a whole is neutral and will not permit the country to be seriously divided, during the war, on a matter of domestic policy, there are keymen in the cabinet who, with the active support of the financial experts, will make a supreme effort to carry through the substance of the report.

These men are powerfully placed and events enhance greatly the value of the cards they hold. Indeed, regardless of what may happen at the January conference, they will continue to press for the adoption of the report and this pressure almost certainly will take a form which will command the backing of the full cabinet and of the country.

Hitherto the Dominion has so handled war finance and taxation as to cause a minimum of disturbance on the provincial front. When the conference meets it will be possible for Hon. J. L. Ilsley to say that the Government has not used the war as a cloak to invade provincial revenues, to weaken the provinces financially. Scrupulous care was taken in this regard in the war budgets of Sept., 1939, and of June and Nov., 1940.

Provincial Taxation

It would have been the easiest thing in the world for Ottawa, in the name of war need, to have invaded provincial fields of taxation, either directly or indirectly. Restrictions on the use of gasoline would play hob with provincial revenues. A crushing federal tax on gasoline—designed to cut down consumption of an imported article—would have had the same result.

Ottawa has not done this, despite the wishes of many influential people, who thought it would be wise to give the provincial governments a good harrowing, before the conference met. But the Government declined to bring any pressure of this kind to bear and has chosen, instead, to maintain the status quo until all the interested parties are around the conference table. Then the cards will be laid down face up.

War Effort First

Thus, while the Dominion Government is not prepared to fight the provinces over the Sirois report, it would in regard to limitation of the national war effort. The cards which Mr. Ilsley will lay down for inspection by Mr. Hepburn and his fellow provincial premiers will be war effort cards, not connected in any way with the Sirois report.

Mr. Ilsley, it is learned, will be frank in saying that the tax fields of the province can no longer be regarded as special reserves. The new war budget will exceed $2,000 millions and to cope with it the Dominion must harness the finances of Canada without regard for the provinces. It is the war that counts, not the provinces. To this end no existing source of provincial revenue will be immune from invasion. If the provinces, forewarned of these developments, wish to avail themselves of the Sirois report, or some modification thereof, the Dominion stands ready to adopt it and succour them. If not, they must be prepared for the worst, because nothing will be allowed to stand in the way of the war effort, in terms of finance and taxation.

In all this, however, the emphasis will be placed upon the war, not the Sirois report.

No Atticus This Week

Because of Christmas The Post went to press one day earlier this week. Atticus copy from London, England, did not arrive in time to be included.

Import Ban May Curtail Auto Selling Operations

The new embargo on U. S. auto imports will inevitably result in drastic reduction of car distribution and sales facilities in Canada, it is foreseen by executives in the business.

Most, if not all, of the present firms engaged in marketing imported makes will be likely forced to suspend activities and disband personnel, it is feared. Majority will probably have to restrict operations to the nucleus required to cater to present owners.

Barring possible Canadian production, the only foothold for presently imported makes after exhaustion of current stocks would be in used car sales and facilities for service and parts sales. With the same qualification, break-up of distribution and sales organizations appears inevitable.

While some salesmen are expected to be absorbed into sales staffs of Canadian-made car dealers, or into other lines of activity, considerable disruption and difficulty may develop for owners and senior executives of distribution or dealer organizations.

Officials of Hudson, Studebaker and Packard are known to be analyzing the possible re-establishment of their Canadian plants, but at midweek had reached no decision. Operation of such plants is by no means a simple matter, as it would involve such problems as supply of labor and parts; reconditioning and re-equipment of plants; and the position of the Government toward car production largely if not entirely by reassembly of U. S.-made components.

Higher Excise Tax

While aided to some extent by removal of import competition, Canadian auto makers are affected by the boost in the war excise tax on cars.

The scale imposed last June was applied not to the retail price but the factory price to distributors, as follows:

On value up to $700	10%
On excess up to $900	20%
On the next $300	40%
On value over $1,200	80%

The revised tax still applies to the factory wholesale price, but the sliding scale is stepped up by applying a straight 20% tax on all value up to $900. In effect, this raises the levy on the first $700 of value from 10% to 20%, adding $70 to the net taxes on cars in all price brackets.

Raises Retail Prices

In June the war taxes added from 7 to 10% to the retail prices of new cars costing between $900 and $1,200. The present increase makes these percentages range from 15 to 25%, and the ratios on the higher priced domestic and imported cars will run from 30 to 50% or better. As before, however, the new car buyer is not likely to pay the whole of the new tax. It will be spread three ways—between the new car buyer and the purchasers of used cars involved in most new car deals.

Canadian passenger auto producers — Ford, General Motors and Chrysler—on the whole are undisturbed by the effect of the new budget, and are ready to accept any adverse effects that may accrue in the interest of aiding the war effort. The general view appears to be that any competitive advantage arising from the embargo on imported cars will be offset—perhaps more than offset—by the brake on sales of the increased excise levy.

At the same time, increased spending power from war activity together with the ban on imports is expected to hold sales at satisfactory levels. In some quarters, it is deemed possible that these two factors may increase domestic sales of Canadian auto producers in 1942.

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New Books ....

Picturesque Canadians

CANADIAN PORTRAITS. Edited by R. G. Riddell. Published by Oxford University Press, Toronto. Price $1.50.

Some of these portraits are of Canadians familiar to the average well-schooled Canadian, — Goldwin Smith, Paul Kane and Etienne Brule. But most of them introduce delightfully Canadian personalities who are all too little known. How many people can name the composer of "O Canada," a man who ended his life in disillusionment outside Canada? How many are familiar with that genial and casual master of scorn, "Bob" Edwards, founder of the Calgary Eye-Opener? And are the names of Dr. John Schultz, Louis Jobin or William Hamilton Merritt even known to the average man?

They are all here in this modest little book and they comprise a rare selection of character portraits of picturesque people who were uniquely typical Canadians in their day and generation.

All of the portraits were given as CBC broadcasts. R. G. Riddell, of the department of history of the University of Toronto, is the general editor for the series.

Our Foreign News

CANADA GETS THE NEWS. By Carlton McNaught. Published by the Ryerson Press, Toronto. Price $3.50.

Several years of research have gone into this study of how Canada gets its foreign news. The Institute of Pacific Relations put up a grant to enable the job to be done; the Canadian Institute of International Affairs undertook the research, and Carlton McNaught has written the account.

The result is a most informative record of the sources of our outside news, the means by which it is brought to this country and the manner in which it is distributed. The record is not complete; Mr. McNaught gives only a minimum of attention to the radio and he ignores publications other than daily newspapers. But his study of the press services, of the work of foreign correspondents and of the daily press is comprehensive.

It is shown that most of Canada's news from abroad is brought in by the two larger press services, the Canadian Press and the British United Press. Their reports are supplemented in some papers by special reports from a handful of Canadian staff writers stationed or roaming outside and by special services that a few leading papers purchase from American and British papers, such as the London Times, New York Times and Chicago Daily News.

The Canadian Press, it is shown, is to a large extent dependent for its foreign coverage on such agencies as the Associated Press and Havas, with which it has connection. But increasingly the Canadian Press is building up its own outside service, particularly in Great Britain, and it has instituted a system of check and double-check to reduce the danger of propagandist viewpoints from other countries influencing its coverage.

Mr. McNaught has added to his study two interesting specific surveys to test the quantity and quality of our foreign news. One survey covers the period just prior to the abdication of King Edward VIII. This survey reveals a self-censorship by Canadian papers of this profoundly important event during the period when it was developing. The second survey makes a detailed analysis of Canadian coverage of the Sian coup of 1936 when the Chinese marshals kidnapped Chiang Kai-shek. Mr. McNaught's purpose is to indicate that Canadian newspapers cannot always be counted upon to recognize the importance of a big story when they see it, particularly if it comes from the shadowy Far East. But on the whole he rates our foreign news as good coverage.

C. D. S. Securities Reports Values Up

From Our Own Correspondent

MONTREAL. — Consolidated Diversified Standard Securities reports that as at Oct. 31, 1940, net asset value per share of the company's preferred stock amounts to $20.79. This contrasts with $19.41 a share on Sept. 30 and $23.88 on Oct. 31, 1939.

The Post-Bag

"Lord Elgin" Waits

Construction work on the Lord Elgin Hotel, which the Ford Hotel Co. is building to meet the urgent need for additional accommodation in the capital city, may be held up for several months due to the shortage of steel.

• • •

"Dead or Alive"

Manchester Guardian recalls the poster tacked on walls in the Transvaal during the Boer War.

REWARD—DEAD OR ALIVE
Englishman, 25 years old, about 5 ft. 8 in., indifferent build, walks with a forward stoop, pale appearance, red-brownish hair, hardly noticeable moustache, talks through his nose, and cannot pronounce the letter s properly.

Today that Englishman of "indifferent build," who cannot properly pronounce the letter "s," is Britain's wartime prime minister.

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Time in Canada

Time Magazine now has a correspondent at Ottawa. He is Filmore Calhoun. Kicked out of Italy a short time ago, along with other correspondents, Calhoun went to London, returned to New York for a few weeks and is now in Ottawa with his wife.

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Post-Humous

Friends of the late George W. Allan, K.C., of Winnipeg, enjoyed for many years the cheery greeting card he sent them each Christmas and New Year's. The card always contained an informal picture of Mr. Allan in one of his favorite settings—hunting, fishing, travelling or with a group of children.

Enclosed with this year's "Wishing you long life, health, happiness, and all kinds of good luck" was a smaller card. It read:

"Shortly before his death at Victoria Mr. Allan prepared this card for his friends at Christmas. His executors believe that in sending it to you they are carrying out his wish."

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Society for Deaf

There must be many in Canada who are "hard of hearing." The directorate of the new National Society for the Deaf and Hard of Hearing contains some impressive names. The society has started a quarterly journal under the title, "The Listening Post."

President is L. M. Wood; chairman of the publishing committee is Dr. Lorne Pierce of Ryerson Press.

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C. I. O. Propaganda

When the so-called Canadian Congress of Labor was set up it was announced that the C.I.O. would no longer function in Canada. But the C.I.O. unions are still here, spreading propaganda against the war.

One of them is the Steel Workers Organizing Committee — C.I.O. It publishes a paper called Steel Labor. Steel Labor gets out a "Canadian" edition.

This Canadian edition, voice of the C.I.O.'s Canadian steel workers union, is a strange mixture of articles written for Canadian consumption and type picked up from the American edition.

Under headlines a foot wide, it reiterates the determination of C.I.O.:

"... that this nation must not enter any foreign entanglements which may in any way drag us down the path of entering or becoming involved in foreign wars."

The censors might well take a look at some of the C.I.O. literature that is being circulated by the constituent unions of the "Canadian" Congress of Labor.

• • •

Pro What?

Better than reading a detective story is to try to find out where the sympathies of the New York Journal of Commerce lie in the present war. The Journal seems to give strong backing to a huge American defense programme and it does not conceal the fact that the defense is needed chiefly against Germany. It argues against the contention that loans to Britain would "drag" the United States into war; and it speaks of Britain as a nation "fighting for its life with its back to the wall." But its attitude is mainly objective; as cold as the surgeon's knife.

The Journal of Commerce is published by the Ridder Brothers, third generation Americans of Catholic origin, who publish the leading American German-language daily, the New York Staats-Zeitung.

The Staats-Zeitung in the last war was pro-German until the U. S. entered the war. Then it was merely embarrassed.

In this war it is embarrassed once again; takes no sides for or against Hitler; is pro-German but hires Catholic refugees and Jews for its editorial staff; "glows with pride" when Nazi victories are reported, but supports a huge defense programme that is intended to stop Hitler.

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Little Wings

In the lexicon of aviation, "aileron" is a much-used word. A Canadian and a Frenchman together invented it.

Away back, before World War I, J. A. D. McCurdy, Canada's pioneer flyer, conducted experiments with Alexander Graham Bell. They were the first to put the small wings on their planes, but they did not think of giving them a name.

One day McCurdy was discussing aviation with Henri Farmer, a French pioneer in the air. Farmer told McCurdy of his experiments with the movable wing tips. "Ah, ailerons!" remarked Farmer. "Ailerons" means "little wings."

And so the little wings have been ailerons ever since.

Vote in Ontario Soon Expected

Leading Liberals Look For Election Within Next Few Months

Despite official denials of any election plans for Ontario, a provincial general election within the next few months is confidently forecast by many leading Toronto Liberals. Mr. Hepburn is planning to go to the electorate before the spring "blitz" arrives, it is said.

None is necessary for two years. But an excuse for seeking a quick new lease of power will be looked for, it is expected, at the Dominion-provincial conference on the Sirois report.

Active workers in Liberal circles deny with vigor the claim that Premier Hepburn has closed the ranks of the party. One leading Liberal scoffed at the suggestion that this was signalized at a recent banquet-caucus in honor of Premier Hepburn.

"How could that meeting signalize peace in the party and at the same time listen to a justification of Hepburn's attacks on Prime Minister King? It just doesn't add up," commented this observer.

Reasons for Election

Another analyst considered the meeting a move to rally Liberals in anticipation of an election. Among the reasons he advanced for believing an election imminent were the resignations from the Ontario Cabinet of Hon. Paul Leduc as Minister of Mines and Hon. Eric Cross, Minister of Municipal Affairs. The Racine affair, mentioned in last week's Post, doubtless contributed to Mr. Cross' decision, but it is also believed that there was a serious difference of opinion over the Sirois Report.

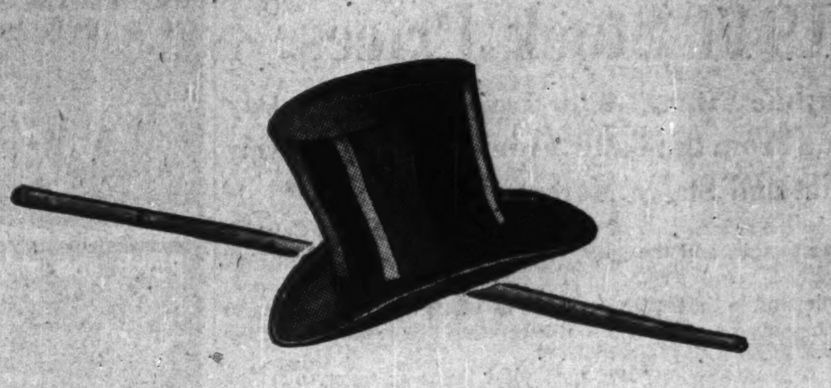
It is being wondered in political circles if the plea of the Toronto City Council for representation at the Ottawa conference originated at Queen's Park. If other municipalities followed suit and were refused a hearing at Ottawa, Premier Hepburn might then use that as an issue in an election campaign, it is suggested.

Position Uncertain

While many Liberals opposed to Premier Hepburn are convinced he will make an issue of the Sirois Report, some of his followers declare he will support the Report in the interests of national unity—a course being strongly urged upon him by influential groups.

If his intention is to fight for "provincial rights," then the forecast of an early election is believed correct.

The uncertainty of his position has given rise to a variety of rumors, some diametrically opposed, some appearing to verge on the fantastic. At the same time, some political wiseacres are sure that following the January conference, if not before, Premier Hepburn will invite Col. George A. Drew and Karl K. Homuth, M.P., both Conservatives, to fill Cabinet vacancies as a prelude to a coalition "win-the-war" election.



Accessories for a Formal Evening

The success of your evening attire depends so much on your accessories you'll be wise to make sure you're absolutely "right" in your selection. If your accessories "belong," you are free to forget them. If not, the shortest evening is too long. Simpson's has been meticulous in assembling accessories that are correct in every detail. Take your cue from men who "get around" – let The Store for Men put you at your ease for formal occasions.

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Investment Trends

Cautious View Is Taken Of 1941 Stock Prices

Wartime Effects, With Taxes and Day to Day News From the Battle Front, Makes Relatively Quiet and Stable Markets Likely

What has the second year of war in store for investors in Canada? The answer to this, and the policy to be followed, must be equally cautious.

It will depend in the first instance on how long the war is going to last. For the purpose of what is said here, it will be assumed that the war will last at least throughout 1941.

It will depend also on how such vital items as taxes, wartime controls and news from the battlefront affect the psychology of investors and earnings of particular companies.

One thing that seems assured, and one that would normally mean soaring stock prices, is that business indices in the coming year will continue to establish new peaks. Physical volume of business will be high but individually there will be many adjustments required to a wartime economy.

Careful reading of the individual forecasts written exclusively for The Financial Post, and appearing elsewhere in this issue, will be well worth while for investors. From this it will be found that there is prevalent everywhere a wholesome appreciation of the unusual problems facing Canadians in the coming year. But there will also be hints that many industries are not going to find these problems insuperable. There will be some instances of excellent showings in spite of taxes, and wartime controls.

* * *

Optimism Tempered

There is noticeable in wartime a tendency to capitalize earnings on a less optimistic basis than in peacetime. Earnings of $1 a share, for example, may be considered worth $20 a share or more under normal conditions but in wartime they may be capitalized at only half this figure.

This is a reflection of the uncertainty as to the effect of wartime conditions on investments. It considers what may conceivably happen after the war. It considers the chance that necessity may force important shifts in consumption. It considers the certainty that tax schedules are subject to continual change, practically always upward.

This tendency is probably going to continue in 1941. Investors are unlikely to bid at too high levels for present or prospective earnings.

* * *

Influence of Interest

Opinion seems to hold that interest rates on high grade bonds are not going to show material change in 1941. This is going to affect stock market outlook in more than one way.

In the first place there is a normal spread between interest rates and stock yields which prevails even during wartime. If interest rates stay at or near present levels, stocks are hardly going to feel any impetus from this source. On the other hand, so long as interest rates remain around prevailing low levels, there will be no pressure on stock prices to maintain this margin of yield.

But this question of interest rates may have another result. Low returns from high grade investments, may force a certain amount of investment money to look for higher yields. Income becomes of importance when personal taxes take such a large share and it is quite possible that demand for better grade stocks may come again for this reason.

* * *

Buy Quality

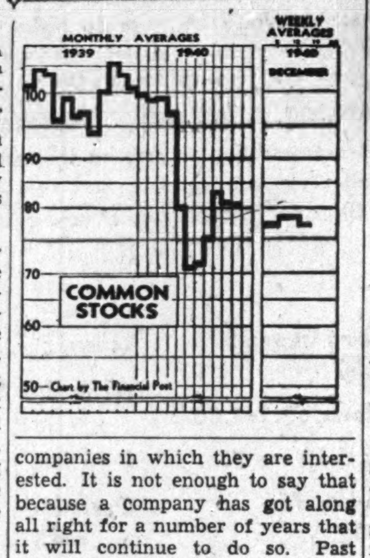
Now, even more than under normal conditions, investors should look for quality in their holdings. A good record of earnings and financial strength is a strong indication that a company can weather difficult times that may be ahead. If the company's product is essential in both war and peace, so much the better. If it can readily adjust its selling prices to compensate for rising costs without threat to its sales volume, then it is even more desirable. Clear signs are already here that certain "luxury" industries are in for a stiff dose of readjustment. The last batch of tariff and tax changes indicated that buying silks, electrical gadgets and many other non-essentials is going to be curtailed. Companies making such items may merely have to use available substitutes but even so there is a period of adjustment which detracts from the attraction of investment in such industries.

* * *

Burden on Management

Management is going to be faced with ever-growing burdens. It requires far-seeing and nimble leadership to bring a company successfully through a period of war. Scope of action, moreover, is seriously restricted by Government control.

Investors are cautioned, therefore, to investigate more than ever the calibre of the management in the



companies in which they are interested. It is not enough to say that because a company has got along all right for a number of years that it will continue to do so. Past records are a very useful guide but not infallible.

* * *

Stocks and Business

Illustrating how stock prices have failed to keep pace with business figures, in the past year is the following comparison of The Financial Post's business index and the Dominion Bureau of Statistics index of industrial share prices. At the beginning of 1940 the share price index was holding well above the business index. But the former has not recovered from its May-June collapse while the business index has pushed up to new peaks.

This year might easily see a gradual closing of this gap which has reached unusual size but it is not expected that stocks can match the performance of business figures.

	F. P. Bus. Index	D.B.S. Stk. Prices Index	*Spread
	— 1926=100—		
Jan.	132.9	162.1	+29.2
Feb.	132.9	161.1	+28.2
March	129.5	159.2	+29.7
April	133.5	154.8	+21.3
May	136.2	125.8	—10.4
June	141.7	111.3	—30.4
July	139.5	113.9	—25.6
Aug.	142.9	119.6	—23.3
Sept.	1.474	132.9	—14.5
Oct.	151.7	129.6	—22.1
Nov.	160.5	128.1	—32.4

*Relation stock price index to Business Index.

Investment Notes

de Havilland Aircraft—Contracts for $646,673 were received by the company from the Department of Munitions and Supply in the week ended Dec. 13.

* * *

Ford of Canada—Recent announcement by the Department of Munitions and Supply that production schedules to meet the needs of British and Canadian armed forces will keep the automotive industry at top speed in 1941, indicates a good scale of output for Ford. Great Britain is to take the bulk of the 1941 output. Whether or not this promise of high rate of output also promises high earnings, however, can hardly be determined as yet.

Nipissing Mines—According to a recent S. E. C. report on security holdings of officers and directors, E. P. Earle increased holdings of Nipissing 300 shares to 6,900 and also holds 3,400 shares through Nipoch Corp.

* * *

C. P. R.—Net income of about $20 millions for 1940 is estimated by Sir Edward Beatty, president, in his year-end statement to The Financial Post. This would be approximately double actual results for 1939. Sir Edward's statement appears on page 11 of this issue.

Significant Investors' Index Numbers

1926 = 100

	Mach. and equip.	Pulp and paper	Milling	Oils	Textiles and clothing	Food and allied prod.	Beverages	Bldg., mater.	Power and traction	Banks	Total utilities	Total co's.
No. of Securities	8	7	3	4	10	12	7	25	15	8	19	95
1929-39:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.9	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1940: Monthly Figures:												
Jan.	134.3	24.5	98.8	155.8	86.4	183.0	135.4	150.7	61.3	84.5	45.7	99.7
Feb.	129.3	23.4	98.4	158.2	90.7	184.3	134.0	146.8	60.3	84.3	45.3	99.0
Mar.	134.1	22.9	96.5	155.4	91.4	185.7	135.4	146.5	61.1	85.1	47.1	99.1
Apr.	132.5	24.6	95.9	147.6	91.6	184.7	137.9	146.4	61.9	83.8	47.1	97.0
May	102.6	16.3	77.6	124.7	80.5	165.0	117.9	115.8	52.0	79.7	39.4	80.4
June	93.2	13.1	62.9	100.2	70.3	144.1	106.9	103.3	47.0	74.7	35.8	71.9
July	92.0	13.9	67.1	101.3	74.5	145.8	114.2	102.3	47.1	70.0	35.5	72.5
Aug.	98.5	15.3	68.4	104.4	76.9	150.1	120.3	107.8	48.6	72.1	37.1	76.0
Sept.	107.0	16.5	61.0	120.9	81.9	163.1	124.9	121.0	51.3	76.0	39.3	83.2
Oct.	105.1	16.1	70.3	112.0	81.5	162.9	124.8	123.6	51.1	75.2	38.8	81.4
Nov.	107.6	16.6	69.1	108.6	82.0	161.7	132.7	126.9	50.6	75.9	39.4	81.7
Weekly Figures:												
Dec. 5	101.9	15.4	66.6	99.6	79.9	159.5	129.4	122.3	49.7	76.3	38.4	77.7
Dec. 12	100.2	15.5	63.8	97.1	78.7	160.6	133.2	122.1	49.9	76.8	38.4	77.2
Dec. 17	99.3	15.4	63.5	96.1	78.8	160.3	134.2	122.4	49.8	77.8	38.4	77.0

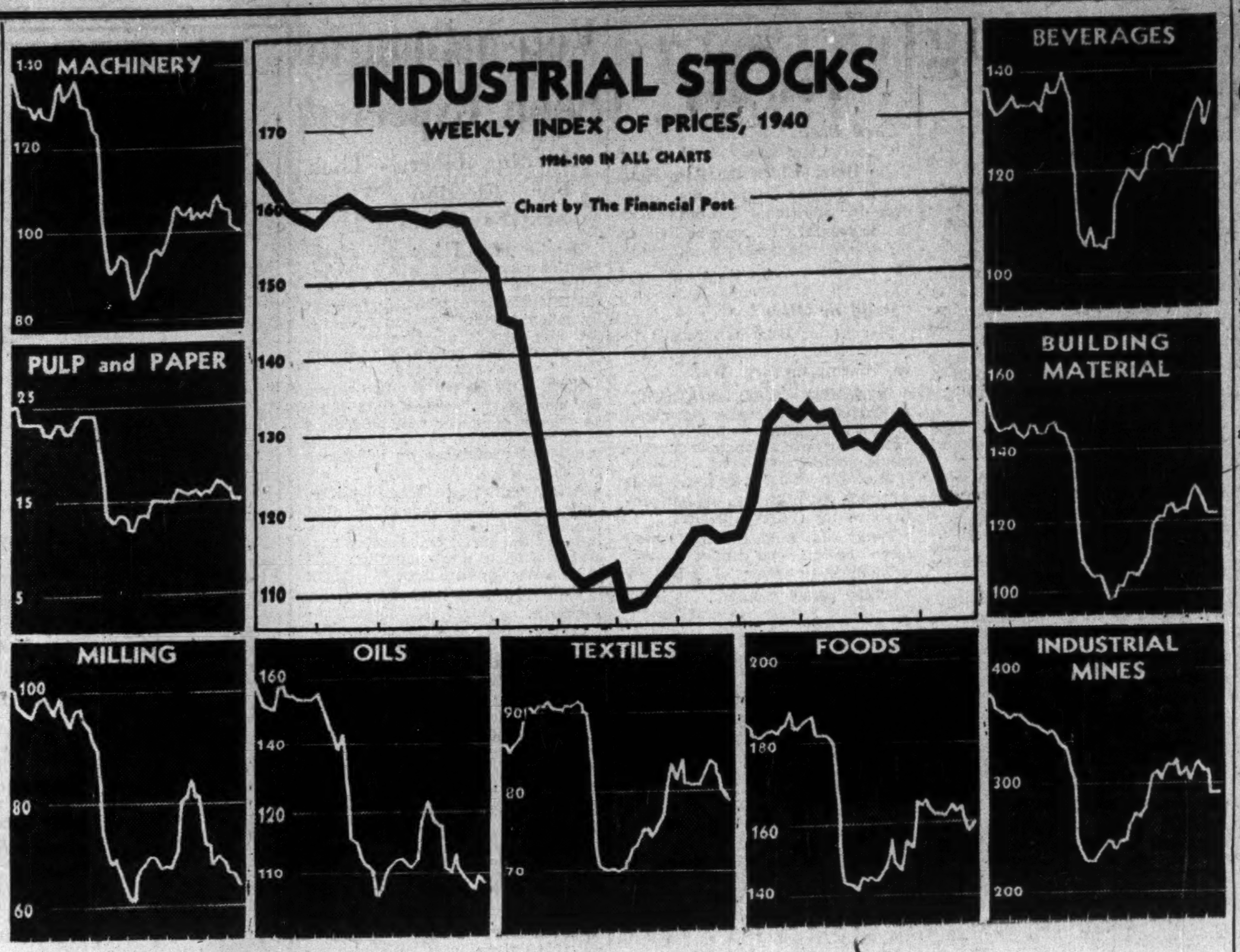
*High and low for year from 1929 to 1939 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
Dec. 23	99.83	107.59	66.75	21.06
Dec. 21	99.85	107.89	66.76	21.03
Dec. 20	99.80	107.68	66.64	21.03
Dec. 19	100.03	107.79	66.99	21.23
Dec. 18	100.38	108.25	67.94	21.47
Month ago	102.70	107.02	70.92	22.69
Year ago	126.47	118.60	86.80	30.73
High 1940	128.84	123.80	88.97	33.31
Low 1940	86.00	77.34	56.81	18.44

Montreal Stock Exchange Average

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
Dec. 23	55.0	66.1	62.4	80.72	79.16
Dec. 21	55.2	66.2	62.5	79.97	78.96
Dec. 20	55.1	66.4	62.6	79.74	78.90
Dec. 19	55.2	66.6	62.8	80.96	79.05
Dec. 18	55.4	66.9	63.1	81.94	79.81
Month ago	56.2	69.4	65.0	87.06	77.83
Year ago	68.2	90.6	83.1	143.19	97.30
High 1940	69.2	92.2	84.4	152.63	100.81
Low 1940	50.7	56.0	54.7	66.44	66.16



MAJOR STOCK MARKET TRENDS

Feature of Canadian stock market moves in 1940 was the reaction to the German blitzkrieg through the Netherlands, Belgium and France, a blow from which the markets never recovered. Next in importance were the long periods of dullness which kept volume of trading at abnormally low levels. The result is that stocks enter 1941 at deflated levels, particularly when compared with levels of business activity. Shown above is the Dominion Bureau of Statistics index of industrial stocks and around it the various industrial groups included in the major index.

Stocks Stay Dependent on War News

Little Prospect is Now Foreseen Of Marked Acceleration in 1941

Stock markets in Canada in 1941 should show very little in the way of acceleration and higher prices without definitely encouraging war news, in the opinion of one of Toronto's leading investment specialists.

He delivered his forecast of 1941 stock markets privately in Toronto recently, assuming that the war will probably last another two years.

He feels that the adverse tax picture is pretty well discounted and there appears no real reason—barring war news—why stocks should decline farther. In other words, a fairly steady stock market is expected for next year.

Favorable Stocks

His investment advice is briefly:

"So far as equities are concerned, buy chiefly the safest dividend-payers of those companies which do a large, essential domestic business and control, or can buy, the necessary raw materials in Canada. Include the dividend-paying golds and certain of the junior golds which look to be real comers."

He sees the following influences favoring possible higher stock prices:

1. Low interest rate on bonds and savings deposits, which turns the investor toward stocks, both common and preference.

2. Industrial concerns and investment trusts are now purchasing stocks of Canadian companies, the dividends from which are not taxable.

3. Looking farther toward the future, there is the intriguing possibility that following the war Canada will experience an expansion of population and foreign trade similar to that which the United States had many years ago.

4. Finally there is inflation which, however, does not look to be much of a factor in the coming year.

Adverse Factors

Working on the opposite side and against the advance of stock prices, this man sees the following factors:

1. First of all taxes and the direct and positive control of industry by the Government, together with a growing control of consumer purchasing power which disturbs investors.

2. Selling of British-owned Canadian stocks which may not necessarily depress the market, but does remove and satisfy those large investors who are regular or potential buyers of such stocks on the exchange.

3. Finally, there is the elimination of foreign buyers.

Investment Character Changes

It is well to bear in mind, he feels, that over the past 10 years there has been a change in the character of purchasers of equities. Financial and industrial institutions have in large part turned away from equities and now confine investment funds to liquid high-grade bonds. Risk, so-called, is on the shoulders of the individual investor who has been forced out of the ownership of bonds by low yields.

The Dominion Bureau of Statistics reports the index of common stock prices toward the end of Nov., 1940, as being some 20% below the figure for the year previous. The volume of stocks traded upon the Montreal and Toronto Exchanges in the year ended Nov., 1940, was some 40% below that for the year ended Nov., 1939.

On the other hand, the index of industrial production for the 10 months to Nov. 1 increased 23%; it is estimated that dividend payments for the full year will be slightly above those for 1939; savings deposits in chartered banks are within 6% of those of a year previous, and this in spite of two fairly substantial Dominion of Canada war loans. The volume of new bond flotations, disregarding issues of one year or less, for the 11 months ended November, is up 11%.

Why Stocks Are Down

These figures, he admits, are not new; also familiar are the reasons why common stocks have not appreciated—war engendering fear of the future, taxes, and the fact that the Federal Government impressed everyone with its speedy action in clamping controls upon prices, and latterly in channelling consumer purchases.

In 1914 the average of stock prices declined steadily and no upturn was indicated until well into 1915. Then the sharpest advances to the end of 1915 were recorded in the following order by: steels, gold mines, base metals, food and milling, textiles, newsprint. During this period utility stocks recovered to their pre-war levels; then in the closing years of the war showed declines of some 10% from the pre-war prices.

Supposing, he suggests, as an average investor we look at the world picture right side up. All around the canvas we see war and threats of war. In one section of the canvas we see our own country with almost capacity employment, industrial production turning over faster and faster, retail business good, demand for practically every known commodity increasing, government in control everywhere.

Now turn the picture upside down and see if there is anything which strikes the eye more forcibly than it did when we were looking at the picture right side up. Then the picture shows regimentation of labor and materials, although not very distinct, also, taxes loom at us out of all proportion to other colors in the picture, and in the background, having the appearance of something which might possibly suffuse the entire picture with its colorings, is inflation.

Taxes and Inflation

These are the two factors which are chiefly considered by us now when we contemplate the investment of any sum of money. The first, taxes, we shall always have and there is more likelihood of them being increased than decreased in the immediate future. The second, inflation, we have had with us for some time with no appreciable effect upon our economy as yet, but with latent possibilities.

He points out that, with one year and three months of this second great war past, the average of stock prices is well down. Undoubtedly one of the main reasons is excess profits taxes.

Taking a number of our leading concerns representing as many types of business as possible, and assuming that they had been operating as one, we find that, comparing 1939 with 1934, the per share earnings increased by 34%, while taxes paid per share of stock outstanding increased by 53%. Obviously, taxes paid per share are going to be considerably increased with the excess profits tax.

Taxes and Dividends

Again, obviously the investor has been and should continue to discriminate between those equities whose dividends will be endangered by taxation and those which can continue to pay the regular dividend and possibly increase the disbursement. There are many such in both classes. Then there are certain equities which may barely cover their dividends after taxes, but as a result of contracts entered into with the British and Canadian governments are reasonably well assured of being able to maintain the regular annual payment.

The share markets have had little in the way of encouraging news since the war broke out. To be sure, everyone knows that most companies are operating at far better rates of capacity, but the taxes more than offset this increased operating rate in the minds of investors. "Just so soon as we receive a definite indication that victory is trending our way, then in my belief the markets will forge ahead."

Post-war Markets

Investors must have in mind that certain companies whose output has benefitted substantially as a result of war orders may be very drastically shaken up when the war is over, he says. Certain companies may temporarily have to forego regular domestic channels of consumption in order to produce necessary war materials. Domestic markets in such cases may temporarily be lost, and following the war it will take time to regain them. Management is an extremely important factor in the case of such concerns.

Out of the last war came many of our present-day conveniences, the increased use of canned goods of all kinds, fruits, meats, foods. From it came the radio, the increased uses for oil and gasoline. Our generation has already seen developed the idea of speed in everything—travel, communication, industrial output, office routine.

The last war greatly accelerated the development of our capital market and laid the basis for public participation in the financing of new industrial ventures. It changed our daily habits and just as surely this war, with again the demand for shortcuts and substitutes, will bring out new products, new industries; will, no doubt, change our daily habits, our standard of living.

Watch Inflation

As time goes on and as the cost of war for this country mounts even above prevailing levels, inflation may become a potent factor, he feels. This word inflation is loosely used. Normally the investor is not referring to a gradual and normal rise in the cost of living, a decline in the amount of goods a dollar bill will buy, which decline over decades has gone on regularly, though at times more rapidly than others; the investor is, 99 times out of 100, referring to outright inflation of the type experienced in Germany in the early 1920's.

To inflate is to spend out of future income, to incur debt against future income. Individuals can and do perform inflationary acts, and our Government has acted along these lines for some years past. Uncontrolled inflation movements are due to the inability of the central government to raise money from its people by further taxation or further borrowing.

In Germany, after further sums could no longer be raised by taxation, citizens lost faith in the stability of the Government and in order to finance governmental expenditures the printing presses were started. There are, of course, two stages to this government inflation: The first, while government debt has not yet reached the limit which the country can carry; the second, after that limit is reached.

One cannot put one's finger definitely upon that limit because it depends largely upon how much the population is willing to pay out in taxes or loan the Government. Spending for war materials is giving the people an enormous amount of new purchasing power, and whether the production of consumption goods will keep step with this increased buying power is a question.

Talk of inflation has perhaps influenced some investors toward equities but the outward and visible results so far have been lacking. Rather than any rush to buy stocks there has already been some indication on the part of wealthy individuals to sell in order to raise cash for income taxes.

Inflation Protection

Certain it is that inflationary processes are at work, and those investors who believe it wise to prepare well in advance and who are pretty well confined to equities as a hedge, should be looking for the securities of those companies which can demonstrate:

1. That the price of their product can be advanced more rapidly than rising cost,

2. That they produce basic articles or stable goods for which demand is constant,

3. Control of sources of raw materials,

4. Ability to operate with relatively low manpower,

5. Have able management.

It is not easy to obtain all these requirements in one company. Golds, base metals, chemicals, oil producing and refining companies, natural gas producers, are suitable for investigation as well as others which have the desirable features just outlined. Selections should not be confined entirely to companies which have good past records and have arrived as the leaders in their industrial groups. There is a place in the portfolio for comers, which have growth and expansion possibilities, well depreciated bonds and preferred stocks, as well as the equities of companies which have been depressed.

He concludes: "In spite of my reference to inflation which is a danger, I feel safe in disregarding it as having much, if any, influence upon equities over the period of this forecast, which is one year."

J. S. McLean Sees 1941 Active Year For Packers

For the Canadian livestock industry, 1940 was a "memorable year" and Canadian prices for all classes of food animals were "satisfactory," says J. S. McLean, president of Canada Packers Ltd., in a year-end statement to The Financial Post.

Cattle prices, he says, depended chiefly on the United States market where high levels prevailed. Average price of choice steers in Toronto throughout the year was $8.18 per 100 lb.

Sheep prices were also high. During the August to November period, when 50% of the year's crop is marketed, average price of lambs was $9.44 per 100 lb. in Toronto.

Hog Marketings Jump

"But it was in pigs that the most dramatic events occurred," Mr. McLean declares. Number of hogs marketed in 1940 compares with previous figures as follows:

Hog Marketings

1940*	5,360,000
1939	3,683,000
High previous year in last 10	3,926,000
Gain 1940 over 1930	45%
Estimate for 1941	6,700,000

*Final week estimated.

Until Oct. 31, 1940, Mr. McLean points out, the price of hogs was determined by the first contract with the British Ministry of Food. Average price for selects from January to October inclusive was $12.40 per 100 lb. dressed weight in Toronto. The present price, he says, is $11.50 per 100 lb., as determined by the new bacon contract.

Because of heavy livestock deliveries, packers have had a big volume. From October to December, plants throughout the country have operated practically at capacity. Number of men employed is approximately 20% above a year ago. This increased output has gone almost entirely to Great Britain in the form of Wiltshire sides. Shipments compare as shown in the following figures:

Shipments to Great Britain

	Lb.
1940	380,000,000
1939	186,473,000
High prev. year of past 10	192,058,700
1941 estimate	425,000,000

Mercury Mills Pays

Bonus to Employees

Mercury Mills Ltd., Hamilton, announces a bonus for all employees. The benefits will go to more than 1,000 workers, including those in the wholly-owned subsidiary, Maitland Spinning Mills, Listowel, Ont.

The bonus reflects improved business for the company this year. The Financial Post recently reported record volume in 1940, with net earnings before taxes substantially ahead of 1939. It is proposed to provide liberal reserves out of 1940 earnings, but even after these and higher taxes, it is anticipated that net profits will be higher than in 1939.

Murphy Paint Offers Stock

$400,000 Issue of 5½% Preferred For Sale at Par

Wood, Gundy & Co. is offering a $400,000 issue of 5½% cumulative redeemable sinking fund preferred shares of Murphy Paint Co. Total of $500,000 is authorized. Offering price is 100 and accrued dividend, including a bonus of 1 share of no par value common stock with each preferred bought.

The company reported consolidated earnings of $197,047, after depreciation and income taxes, in year ended Dec. 31, 1939, with annual dividend requirements at $22,000 on the preferred. Consolidated earnings in eight months ended Aug. 31, 1940, after providing for depreciation and all taxes, totalled $95,642, compared with preferred dividend requirements of $14,666. The company has reported a favorable earnings experience in each of the past 20 years. A wholly-owned subsidiary, Thorp-Hambrock Co. has recorded profits each year since commencing business in 1924.

Has 1,000 Distributors

Murphy Paint was established in 1908. At present, over 1,000 dealers distribute its paint and paint products which are manufactured in Montreal and distributed from warehouses in Toronto, Halifax, Winnipeg and Vancouver.

It is indicated the company intends commencing paying a regular dividend of 80 cents per share per annum, payable quarterly, on its no par value common shares, on April 1, 1941.

The company has total assets at Aug. 31, 1940, of $957,658. Working capital was $528,985. Directors are:

H. W. THORP, president.
LOUIS HAMBROCK, vice-president.
J. H. GUNDY, president, Wood, Gundy & Co.
J. A. WALES, president, McColl-Frontenac Oil Co.
A. C. GUTHRIE, president, Simmons Ltd.

Eastern Theatres Calls Preferred

Public Interest in the Company is Now Virtually Eliminated

Eastern Theatres Ltd., controlled by Famous Players Canadian Corp., has called for redemption all the outstanding 5,000 shares of 7% preferred stock. The issue has been called for Dec. 31, 1940, at $110 and accrued dividends of $3.50 per share. Shareholders are to present certificates for payment to the Montreal Trust Co., Toronto.

Calling of these shares will virtually eliminate public interest in the company. Capitalization will now consist of only common shares, of which 32,000 are authorized and outstanding with 30,196 shares owned by Famous Players.

Internat. Utilities Pays on $1.75 Preferred

International Utilities Corp. has declared a dividend of $1.81¼ U.S. funds per share, on its $1.75 preferred stock, payable Jan. 15, 1941, to shareholders of record Jan. 6. Last previous dividend on this stock was 56¼ cents on Nov. 1, 1939. Arrears after the current declaration will amount to $10 per share.

The regular quarterly dividend of 87½ cents per share on the prior preferred, $3.50 series, will be paid Feb. 1, 1941, to shareholders of record Jan. 20.

Both declarations are subject to approval by the Securities and Exchange Commission, Washington.

Bk. of Toronto Loans Higher

War Loan Investments Cut Savings Deposits—Taxes Reduce Profits

Participation in Canada's war effort is reflected in the statement of the Bank of Toronto for the year ended Nov. 30. It shows an increase in current loans and demand deposits and a decline in savings deposits, with profits down $29,679 as result of an increase of $237,700 in Dominion and provincial taxes.

The liquid position continued strong with liquid assets equal to 71.68% of all liabilities to the public.

The profit and loss statement shows the profits for the year at $1.3 million after providing $150,000 for staff pension fund, the same as a year ago; $566,530 for Dominion and provincial taxes, compared with $328,830 last year; and making appropriations to contingent accounts for bad and doubtful debts, etc. From this is deducted $250,000 written off bank premises, $50,000 more than last year.

This leaves net profits of slightly over $1 million, equal to $17.41 per share on the paid up capital stock, compared with $18.74 on the same basis last year.

Profit and Loss Statement
Years Ended Nov. 30

	1940 $	1939 $
Profits†	1,294,550	1,324,229
W/o bank premises	250,000	200,000
	1,044,550	1,124,229
Dividends	600,000	600,000
Balance forward	444,550	524,229
Prev. P. & L. bal.	2,529,694	2,005,465
Profit and loss bal.	2,974,244	2,529,694

†After providing $150,000 for staff pension fund, $566,530 for Dominion and provincial taxes and making appropriations to contingent accounts from which provision has been made for bad and doubtful debts.

Total assets at $165.4 millions were down almost $3 millions from last year when, owing to the first Government war financing through a loan from the chartered banks, assets rose to $168.3 millions.

Short-Term Investments

Short-term investments rose $8.8 millions while other securities were almost $8 millions lower. The more active business conditions owing to the war, and the greater demand for bank credit to finance inventories and operations, are reflected in an increase of $3.6 millions in commercial loans. Municipal loans were down $2.2 millions.

Total public deposits rose $2.2 millions to $135 millions. While non-interest bearing deposits were $5.3 millions higher, interest-bearing or savings deposits were down $3 millions. The drop in savings deposits was the result of heavy withdrawals for investment in the two Government war loans.

At the date of the annual report the bank had 172 branches, one more than a year ago on the same date.

Items from Balance Sheet

Assets	Nov. 30 1940 $	1939 $
Cash, cheques, etc.	26,422,359	30,658,447
Securs., short term	24,796,269	15,906,436
Other securs.	53,187,021	61,183,412
Call and sh. loans	1,232,005	2,160,729
Total liq. assets	105,637,655	109,909,026
Ratio to liabs. to public	71.68%	72.95%
Commer. loans	50,775,854	47,109,325
Municipal loans	3,799,790	6,067,530
Non. current loans	65,216	114,329
Circulation fund	187,406	204,964
Mortgages	13,559	26,107
Letters of credit	1,761,343	1,524,419
Bank premises	3,240,150	3,383,765
Total assets	165,480,977	168,339,469
Liabilities		
Deposits: Govt.	5,440,342	9,011,142
Non-int. bear.	45,820,659	40,494,268
Int. bearing	89,482,208	92,529,563
Total	140,743,210	142,034,974
To bk. corres.	1,424,398	3,502,601
Note circulation	3,427,259	3,597,504
Letters of credit	1,761,343	1,524,419
Total liabs to public	147,356,211	150,659,499
Dividends unpaid	150,522	150,275
Capital	6,000,000	6,000,000
Rest	9,000,000	9,000,000
Undivided profits	2,974,243	2,529,694
Total liabs.	165,480,977	168,339,469

LAND OF FREE PEOPLE
This Canada of Ours!
Hon. Winston Churchill—
"COME then, let us to the task, to the battle and the toil. Each to our part, each to our station, fill the armies, rule the air, pour out the munitions, strangle the U-boats, sweep the mines, plough the land, build the ships, guard the streets, succour the wounded, uplift the downcast and honour the brave."
SAVE LEND TO CANADA
BEHIND THE LINES
of Fighting Forces and Supplies there is another task—another part—
Saving and Sacrifice
Duty to Canada and oneself makes necessary a Savings Plan towards tax payments—purchases of War Bonds and Savings Certificates—a nest-egg against post war adjustments.
An Account at any of our Branches will be helpful.
The BANK of NOVA SCOTIA
EST'D. 1832—OVER A CENTURY OF BANKING EXPERIENCE

Bond Markets

See Financing in 1941 Channelled Via Ottawa

Increasing War Demands Require Stricter Market Control By Dominion to Minimize Competition of Other Financing

Looking into 1941 for bond market trends, and assuming the war continues through the year, investors see growing defense demands likely requiring further centralization of borrowing power in Ottawa. Finance Minister Ilsley estimates Dominion bond needs at about $880 millions next year, compared with $550 millions in 1940.

Success of the financing will depend largely on how much competitive financing can be curtailed. Corporation financing has virtually been eliminated, as Ottawa provides the funds for construction necessary in factories engaged in war production.

Municipal financing was cut to $17.6 millions in 1940, down $8 millions compared with 1939. The provinces, however, jumped 11-months borrowing by $27 millions to $162.7 millions. Roughly $110 millions of the 1940 financing and about $85 millions of the 1939 financing was for refunding, so actual new money raised this year was about $52 millions, compared with about $50 millions in 1939.

The increase in borrowing is contrary to the avowed intentions of the provinces of slashing requirements to free funds for war financing. This probably is one of the factors responsible for the January conference on the Sirois report. Adoption of it would require Ottawa authority for future provincial borrowing, and this then would mean the channelling through Ottawa of virtually all future Canadian bond financing—at least for the duration.

Ottawa financing would be lightened if the adverse balance in U. S. purchases could be offset by help from the American Government. President Roosevelt's newly-proclaimed policy to lend Britain guns, planes, ships and other war materials raises the question of whether Canada will obtain similar treatment. If not, the matter of straight loans of U. S. dollars likely will become a major issue in Canada's 1941 war financing.

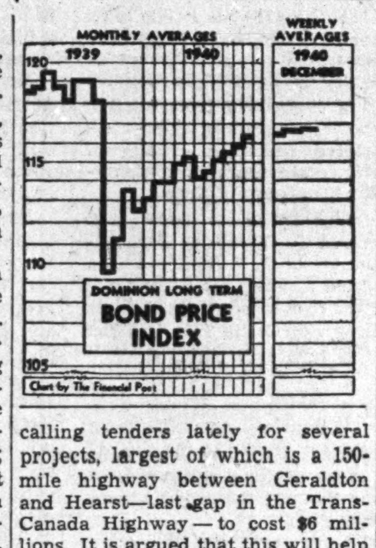
* * *

Secondary Financing

Secondary to the war financing, but still a major financing job, is the matter of refunding provincial maturities in 1941. In the final analysis, only $50.6 millions of 1941 maturities remain to be arranged for, compared with $109.4 millions in 1940, including a $10 millions Quebec issue, which matured in 1939 and was taken care of this year.

Actually, $93.5 millions matures in 1941. But arrangements already have been made to meet $42.9 millions. B. C. can take care of its $25.1 millions without borrowing, according to Hon. John Hart, minister of finance. Total of $20.7 millions will be provided from sinking funds specifically established for that purpose; another $3.2 millions from current surplus for fiscal year 1940-41; with the balance of $1.2 million from current revenue, sinking fund earnings, etc., for fiscal year 1941-42. This is not to say, however, that B. C. can be considered definitely out of the market in 1941. Advantage might be taken of a receptive market to obtain a portion of what is required to take care of $20.2 millions Pacific Great Eastern Railway (provincially guaranteed) bonds maturing in 1942.

Ontario's public offering of $16 millions in November will take care of over two thirds its 1941 maturities. These total $23.8 millions. Saskatchewan concluded a financing deal in October which takes care of all its refunding until 1942. The $2.1 millions in 1941 maturity, therefore, will not require any new money.



calling tenders lately for several projects, largest of which is a 150-mile highway between Geraldton and Hearst—last gap in the Trans-Canada Highway — to cost $6 millions. It is argued that this will help attract tourist business—and American tourist dollars are needed to help finance Canada's U. S. war purchases.

The Ontario Hydro, also, has heavy capital expenditures. Some of these, such as the 55,000 h.p. Madawaska plant and the Beauharnois-Toronto transmission line, already are under way. Another project is the $5 millions Ogoki diversion scheme.

* * *

Problem Province

Among the six other provinces, Manitoba will present the biggest problem. Total of $4.1 millions of maturities were taken care of in 1940, but next summer it must hurdle an even more difficult obstacle, with $5 millions falling due. In common with other prairie provinces, Manitoba is not able to seek funds publicly and must depend on institutions and Ottawa for its loan requirements.

Current position of the province is improving and a balanced budget is looked for in the fiscal year ending April 30, 1942. During the current fiscal period, however, it is estimated about $578,000 must be borrowed to cover all charges, including relief. The figure was $2.1 millions in the 1939-40 fiscal year and $2.3 millions in the previous 12 months.

* * *

What Capital Needs?

Needs of the provinces for borrowing in 1941 to cover capital expenditures are not yet at all clear. It becomes increasingly obvious, however, that the hope of practically eliminating capital charges has fallen somewhat short of the mark.

The big borrowing in recent years has been for relief and highways. The former item is fast declining in the face of the need for men in the armed services and war factories, particularly in Nova Scotia, Quebec and Ontario. B. C. is able to meet relief from current account for the first time in some years, and even Saskatchewan hopes for a balanced budget during the current fiscal year, after providing for relief. Manitoba will still capitalize a portion of relief, but expects to charge it all to current account in the fiscal year beginning May 1, next.

* * *

Momentum Lost

On highways, however, the anticipated curtailment has lost momentum. B. C. openly admits the necessity to continue highway construction on a large scale, due to defense needs. Quebec estimates capital expenditures of $22 millions in the nine months ending March 21 next—not a very handsome cut from the $34.1 millions in the 12 months ended June 30, 1940.

Ontario early in 1940 reaffirmed its determination to curtail highway building. But it has been quietly

Bond Index

The D. B. S. index of long-term Dominion of Canada bonds at 116.9 for the week ended Dec. 19 was up 0.1 point from the previous week. It was 4.3 points higher than in the same week of last year, and up 0.5 point from the corresponding week of last month.

DOMINION OF CANADA
Long-term Bond Index

	Weekly average Dec. 13-19	Preceding week Dec. 5-12	Weekly average year ago
Price	116.9	116.8	112.6
Yield	69.7	69.8	75.2

Bond Sales

OWEN SOUND, ONT.

Wood, Gundy & Co. has purchased an issue of $48,207 City of Owen Sound, Ont., 4% serial debentures, dated Jan. 2, 1941, maturing 1942-56. List of tenders follows:

Wood, Gundy & Co.	104.96
Grey & Bruce Trust	104.77
Midland Securities	104.40
Burns Bros. & Denton	104.32
A. E. Ames & Co.	104.21
Cochran, Murray & Co.	104.16
Harris, Ramsay & Co.	104.10
Mills, Spence & Co.	103.72
Dyment, Anderson & Co.	103.58
Dominion Securities Corp.	103.42

* *

B. C. BOND DEALERS

British Columbia Bond Dealers Association, at its recent annual meeting, elected the following as officers for the current year:

C. J. COPITHORNE, Western City Co., **President.**

FRASER WRIGHT, Pemberton & Son, Vancouver. **Vice-president.**

F. G. SWEET, **Honorary Secretary-treasurer.**

B. SAMIS, H. VIDRICAIRE, J. CHILCOTT and ROSS WILSON, **executive council.**

NEW TEXTILE POST

From Our Own Correspondent

MONTREAL. — Dominion Textile Co. announces the appointment of L. P. Webster to the newly-created position of secretary and executive accountant. Heretofore Mr. Webster has been secretary of the company, which he joined in 1928.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Riordon Pulp ...	6%	1942	Dec. 31	105
Drilling Cont. ..	5½%	1943	Jan. 15	100
Eastern Car	†6%	1952	Jan. 1	105
Mississippi R. Pwr.	5%	1951	Jan. 1	105
Nan.-Dun. Util.	*5½%	1964	Jan. 2	104
United Steel	6%	1954	Jan. 1	102½
Viau	6½%	1946	Jan. 1	101½
Stand. Lime	6%	1944	Feb. 1	102

†Drawn by lot $44,000.
*For sinking fund.

Stock Issues:				
Stand. Steel	A	Pref.	Jan. 2	†50
Guelph Carpet	6½%	Pref.	Jan. 10	†105
East. Theatres ..	7%	Pref.	Dec. 31	†110

†Plus accrued dividend.

Bond Tenders

Jan. 27, Port Arthur, Ont.—$60,500, 3½% 10 and 15-ins. debentures.

Dec. 28, Lethbridge, Alta.—$36,753 4½% serials, due Jan. 1, 1942-61.

National Bank Profit Higher

Quebec Institution's Assets Decline Slightly From Previous Record Level

From Our Own Correspondent

MONTREAL. — Net earnings of Banque Canadienne Nationale for the year ended Nov. 30, after appropriation to contingent reserve for bad and doubtful debts, etc., were $1.1 million. This is about $74,000 higher than in 1939.

After deductions for taxes, but before bank premises write-off, profits were $872,589, up slightly from $843,184 last year. This is equal to earnings per share on the paid up capital of $12.46 and $12.04 respectively. If $125,000 written off premises in 1940 and $90,000 written off in 1939 is deducted, the earnings per share are $10.68 and $10.75 in 1940 and 1939 respectively.

Balance sheet for the year reflects comparatively small change. Deposits at the year end totalled $141.8 millions, against $144.6 millions at Nov. 30, 1939. The latter figure was a record high for the bank.

Total Assets Decline

Interest bearing deposits decreased $3.6 millions, while non-interest bearing deposits increased $3.9 millions. Dominion Government deposits were down $5.8 millions. Provincial deposits were up $2.3 millions.

Total assets were down from the preceding record year, $159 millions comparing with $162.7 millions. Cash assets stood at $26.1 millions, compared with $23.3 millions. Quick assets, including cash, deposits with other banks, bonds, etc., rose from $90.3 millions to $91.1 millions. These assets were 62.3% of liabilities to the public in the latest year, against 60.08% in 1939.

Following is a comparative statement of profit and loss and balance sheet items:

Profit and Loss Account
Years Ended Nov. 30

	1940 $	1939 $
Net earnings*	1,106,152	1,032,518
Less: Prov. for taxes .	233,563	189,334
Pension fund	60,000	60,000
Net profit	812,589	783,184
Less: Dividends	560,000	560,000
Bank premises w/o	125,000	90,000
Prov. for payment†	125,000	125,000
Surplus for year	2,589	8,184
Add: Prev. surplus ..	248,449	240,265
Surplus forward	251,038	248,449

*After making appropriations to contingent reserve, out of which fund full provision for bad and doubtful debt has been made.

†Payable to Province of Quebec out of net profits after 10% dividend has been paid to shareholders.

Balance Sheet
At Nov. 30

Assets	1940 $	1939 $
Cash, cheques, bals.	26,131,253	23,285,861
Investments	60,996,810	62,399,893
Call loans	3,960,934	4,628,477
Prov. & munic. loans	9,986,835	10,514,713
Current loans	49,586,894	52,850,221
Non-current loans .	187,740	201,393
Letters of credit ...	591,943	765,023
Bank premises	4,893,654	5,407,314
Real est. & mtges...	2,291,081	2,231,771
Other assets	414,171	420,173
Total	159,041,315	162,704,839
Liabilities		
Deposits	141,835,723	144,591,764
Note circulation ...	4,181,135	4,865,789
Letters of credit ...	591,943	765,023
Paid-up capital	7,000,000	7,000,000
Reserve fund	5,000,000	5,000,000
Profit & loss surplus	251,038	248,449
Other liabilities	181,476	233,812
Total	159,041,315	162,704,839

Abitibi Earnings Ahead of 1939

November Figures Continue Gains and Shipments For Dec. Higher

Earnings of Abitibi Power & Paper Co. in November amounted to $630,584, comparing favorably with $596,651 in the same month of 1939 though not as high as the peak of $941,390 attained in July. November figures are before depreciation of $148,750 and interest of $286,585. Comparative figures follow:

Monthly Earnings

	1940 $	1939 $
January	447,776	162,297
February	389,584	125,556
March	383,152	150,400
April	525,116	175,446
May	817,457	237,830
June	885,862	199,330
July	941,390	191,633
August	802,325	215,389
September	731,764	463,529
October	702,460	544,827
November	630,584	596,951
Total 11 mos.	7,257,480	4,063,180

Shipments of newsprint in November this year amounted to 36,411 tons compared with 38,668 tons in Nov., 1939. Total for the 11 months this year is 399,921 tons compared with 296,413 tons for the 1939 period. Mr. Clarkson estimates December shipments at 30,000 tons, which would compare with 27,476 tons in the last month of 1939. For all of this year, newsprint shipments should reach 429,921 tons compared with 323,889 tons for 1939.

Shipments of bleached sulphite pulp amounted to 5,985 tons in November, bringing the 11 months' total to 67,957 compared with 40,837 tons for the 1939 period. Estimated shipments for December this year at 6,200 tons will bring the year's total to 74,157 tons against 45,819 tons for 1939.

November earnings include $124,413 received as premium on United States exchange.

G. T. Clarkson, receiver and manager, has announced that Abitibi will maintain its present base price for newsprint for the first half of 1941.

BATTEN, ROSS PAYS BONUS

Batten, Ross & Co., Toronto investment firm, announces payment of a bonus of one week's salary to all of its employees.

Ten Centres Cut Debts In Toronto Region

Total Reduced to $32.4 Millions Since Time of Defaults — 27 of 35 Defaulted Ontario Municipalities Now Reorganized

Three Ontario municipalities, La Salle, Sandwich West and Sandwich East, emerged from default in 1940 under stewardship of the Ontario Department of Municipal Affairs, it is announced by E. A. Horton, deputy minister. This brings to 27 the number reorganized since the department first started supervision of municipalities in 1935. Only eight of the 35 which got into financial difficulties remain to be refunded.

Plans for two of these, Essex and Riverside, already have been prepared. These are all but concluded, with only final approval of the debenture holders required. Surveys are under way to refund the remaining six municipalities, Tecumseh, Eastview, Hawkesbury, Rockland, Sturgeon Falls and Dysart.

Debt Sharply Cut

Summaries of statistics of the reorganized municipalities are being released by Mr. Horton. The first covers the ten municipalities of the greater Toronto area. This reveals a reduction of 17% in debenture debt, to $32.4 millions at Sept. 30, 1940, compared with the dates of default, which ranged from Dec. 31, 1931, for Scarboro to Dec. 31, 1934, for Etobicoke, New Toronto, Weston, Leaside and North York. Long Branch, Mimico and East York defaults are dated Dec. 31, 1932, and that of York Township, Dec. 31, 1933.

In all cases but one, debenture debts are substantially lower. Leaside's figure of $1.3 million is up nearly $300,000. A marked reduction in average interest rates paid on debentures is revealed, all ten of the municipalities showing lower figures, which ranged from 5.02% to 4% at Sept. 30, 1940, compared with 5.75% to 5.13% at the time of default.

Bank Loans Cut in Half

In other important phases, substantial progress also has been reported. Bank loans of the combined 10 municipalities totalled $4.8 millions on Sept. 30, 1940, down $4.6 millions from the $9.4 millions at time of defaults. Accounts payable during the same period declined to $1.4 million from $2.1 millions, while reserves jumped to $6.9 millions from about $631,000. An accumulated current surplus of $652,234 was reported for the 10 municipalities on Sept. 30, 1940, not including North York; compared with a deficit of $406,528 at the time of defaults, after including the Long Branch capital as well as current surplus.

A summary of statistics for each of the 10 municipalities follows. Other summaries, covering the other 17 out-of-default Ontario municipalities, will appear in an early issue of The Financial Post.

Statistics of Toronto Area Municipalities
At Time of Default Compared with Sept. 30, 1940

	Tax rate mills	Bank loans $000	Accts. pay.† $	Total Reserves $000	Curr. surp. $	Gross Deb. debt $000	Aver. int. rate %
Etobicoke:							
Sept. 30, 1940 ...	28.5	115	113,731	202	151,056	2,945	5.0
Dec. 31, 1934	33.6	417	218,315	60	86,173	3,986	5.6
Long Branch:							
Sept. 30, 1940 ...	72	nil	2,504	310	5,968	849	4.0
Dec. 31, 1932	93	nil	9,881	nil	*67,846	947	5.75
Mimico:							
Sept. 30, 1940 ...	55	130	3,063	nil	43,556	1,568	....
Dec. 31, 1932	66	378	27,421	11	d11,177	1,926	....
New Toronto:							
Sept. 30, 1940 ...	51.25	nil	17,400	416	21,139	1,354	4.37
Dec. 31, 1934	46	150	59,193	97	d51,420	1,604	5.6
Weston:							
Sept. 30, 1940 ...	45	13	19,379	273	16,211	833	4.79
Dec. 31, 1934	44	160	837	54	d3,279	1,013	5.3
York Township:							
Sept. 30, 1940 ...	85	3,872	478,840	2,729	257,175	12,677	4.6
Dec. 31, 1933	..	5,558	807,380	195	d256,248	15,538	5.13
East York:							
Sept. 30, 1940 ...	..	467	329,233	1,124	84,296	4,954	4.75
Dec. 31, 1932	..	944	213,168	31	d69,015	5,641	5.5
Leaside:							
Sept. 30, 1940 ...	..	59	82,201	30	28,580	1,269	4.5
Dec. 31, 1934	..	162	9,712	38	13,932	971	5.5
North York:							
Sept. 30, 1940 ...	..	26	76,901	380	......	2,715	5.02
Dec. 31, 1934	..	563	600,541	132	d26,588	3,244	5.25
Scarboro:							
Sept. 30, 1940 ...	..	111	282,628	1,434	43,643	3,264	4.8
Dec. 31, 1931	..	1,110	111,845	13	d156,752	4,159	5.5

†Including amounts due to school boards. d—Deficit.
*Represents combined surplus for capital as well as current account.

Can. Ind. Alcohol Business Higher

Sales in First Quarter Appreciably Better, Shareholders Are Told

From Our Own Correspondent

MONTREAL.—Business of Canadian Industrial Alcohol Co. in the year which began Sept. 1 is ahead of the same period last year, Wilfrid Archambault, vice-president and general manager, stated at the shareholders' annual meeting. Sales in the first three months were appreciably ahead of the same months last year, while volume so far this month has been good.

It was announced that the vacancy in the presidency, created by the death of the Hon. Gordon W. Scott, would be left unfilled for some time. Mr. Archambault is continuing as vice-president and general manager. Vacancy on the board of directors was filled by Thomas H. Gibbons.

Shareholders were told that directors will consider advisability of paying dividends semi-annually, instead of yearly.

The company will obtain full share of business being created by demand for alcohol to be used in manufacture of munitions, shareholders were told.

Gurd Omits Payment Of Usual Dividend

From Our Own Correspondent

MONTREAL. — Directors of Charles Gurd & Co. have taken no action on the common dividend usually paid in December. In the three preceding years, interim dividends of 30 cents a share have been paid. The payment in 1936 was for 20 cents.

Sales in the current month have shown a moderate increase over last year, but business in the current fiscal year, which began April 1, is lower than in the same period for the preceding year. The company's subsidiary, Charles Gurd & Company (Maritime) Ltd. at Saint John, N.B., is being continued.

JOIN TRANSPORT BOARD

Provincial Transport Co., operator of motor coach lines, announces appointment of George H. Montgomery, K.C., and F. T. Collins, K.C., to the board of directors. Mr. Collins is a member of the Montreal legal firm of Meredith, Holden, Heward & Holden. Mr. Montgomery is a partner in the legal firm of Montgomery, McMichael, Common & Howard, also of Montreal. The new directors replace Col. A. A. Magee, who has resigned, and the late Hon. J. M. Wilson.

New Building

Reported by Engineering & Contract Record:

Canada Packers Ltd. will rebuild its Brantford, Ont., canning plant, recently destroyed by fire, at estimated cost of $200,000. New unit will have a capacity about 50% greater than the old structure.

Canadian National Railways has awarded sub-contracts, including structural steel order to Canadian Bridge Co., for $800,000 shop project at Moncton, N.B.

Dominion Foundries & Steel Ltd. is extending chipping and annealing unit at its plant in Hamilton, Ont.

New Bond Issue For Silverwood

For Added Plant — 7 Months Net Up 60%, Before Taxes

Refunding of $1,050,000 outstanding 5% first mortgage bonds of Silverwood Dairies Ltd., for a new authorized issue of $1.5 million 4½% bonds, will be carried out if bondholders approve at a special meeting called for Jan. 21, 1941. The new issue is necessary, it is explained by A. E. Silverwood, president, to finance necessary plant expansion, which is said to be blocked by terms of the present trust deed.

Working capital of $600,000 at Sept. 30, 1940, would be reduced below the $500,000 statutory minimum after $150,000 capital expenditures and provision for higher taxes ($150,000 for first seven months of current fiscal year). Sale of the new bond issue would provide working capital of $800,000 after financing costs, provision for higher taxes and additions to plant and equipment, according to officials. Under the proposed issue, provision will be made that capital or other expenditures may not be made which would have the effect of reducing net working capital to less than $750,000.

The issue would include $600,000 serial bonds, dated Jan. 2, 1941, and maturing in 1942-47; and $900,000 straight-term bonds, with full sinking fund, maturing in 1956.

Sales Volume Up

Mr. Silverwood explains that the need for additional capital expenditures has been evident for some time. As announced previously by The Financial Post, these include a new unit at London to house the milk department and expansion at Hamilton to house the milk and ice cream departments. Expansion at London also provides for a fast-growing evaporated milk department, which has been using the near-by London Arena for storage.

The Post learns also that net earnings were $212,000 after all charges, but taxes, for the seven months ended Oct. 31—up $80,000 from the corresponding period of 1939. Fiscal year ends the end of March, 1941. After providing $150,000 for taxes, net profit of $62,000 is shown—down from the same 1939 period. Officials are optimistic that earnings for the full 12 months may equal $300,000, before taxes, compared with $187,467 in year ended March 31, 1940.

In the meantime The Post understands the question of inaugurating common dividends probably will remain in abeyance. The company recently smoothed the way for a dividend by approval from the 6% debenture holders to modify the trust deed so that earned surplus of only $100,000 instead of $200,000 is required after any dividend distribution.

U.K. Act Helps B.C. Packers

British Grant Import Licenses For Large Volume Canned Herring

From Our Own Correspondent

VANCOUVER.—B. C. Packers Ltd. and other west coast fish canners will benefit from the action of the British Government in finally releasing import licenses for a fairly large volume of canned herring.

John M. Buchanan, general manager of B. C. Packers, estimates that the pack actually sold to the United Kingdom for the season will be worth about $2 millions, which is more than four times the value of the previous year's sales to that market.

However, this volume is really a disappointment. Because canned herring is relatively cheap and Britain's normal sources of supply had been blotted out by blockade it had been expected that B. C. herring business with the U. K. would be worth $5-$6 millions.

Problem of Credits

The surplus herring will now be utilized by the fish oil and meal plants and will bring in proportionately much less revenue, although there has been a fairly active demand for meal.

The supposition is that the British Government vetoed larger purchases of canned herring because of credits rather than owing to shortage of ships. Tonnage has been relatively plentiful on the west coast recently.

Canned salmon sales to the United Kingdom will be slightly less than last year. There is an embargo on frozen salmon.

Ford Tractors Capture Good Share of Market

Sales of Ford Tractors in Canada for 1940 to Nov. 10 accounted for 15% of all farm tractor sales, according to G. McColl, head of the tractor division of Ford Motor Co. of Canada. In its power class—10-20 and 12-25 h.p.—Ford sold 58% of all retail deliveries, according to the announcement. In eastern Canada, Ford's share of retail deliveries in its power class was 64.6%, and 23.7% of all tractor deliveries. In western Canada, Ford sold 51% in its own power class and 9.5% of total deliveries.

Practically all of the Ford tractors sold were equipped with the specially-designed two-bottom plows.

Foreign Exchange

During the week Dec. 17 to Dec. 21, there was no change in the quotation to the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Dec. 21

Australia ...	3.58	N. Zealand .	3.61
India	.3372	S. Africa ...	4.47
Japan	.2608	Hong Kong .	.2647

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Oshawa Reduces Debt 15% in Year

Oshawa, Ont., reports gross debenture debt of $2.2 millions at Dec. 31, 1940, down $362,496 from the end of 1939 and $3 millions from 1930. Per capita reduction in the 10-year period was $132, figure now standing at $88. Heavy retirements scheduled for the next five years will reduce debt figure to about $500,000.

For the first time in eight years, the city did not find it necessary to resort to borrowing during 1940. All bank loans were repaid early in July and a credit balance has been increased since.

Last January, the city refunded the housing loans obtained from the province in 1919 and 1922. Totalling $160,000, they were considerably in arrears, and carried 5% interest. They were paid off by an issue of new debentures, payable over 13 years, with average interest of 3.97%.

Another refunding measure just completed is a $525,000 issue held by the Ontario Hydro-Electric Power Commission, covering the purchase by the city from the Hydro of electric and gas plants in 1929. These were 4¾% bonds and are refunded by various serial issues at an average interest rate of 3.9% to save $28,000 in interest over the period the new bonds run.

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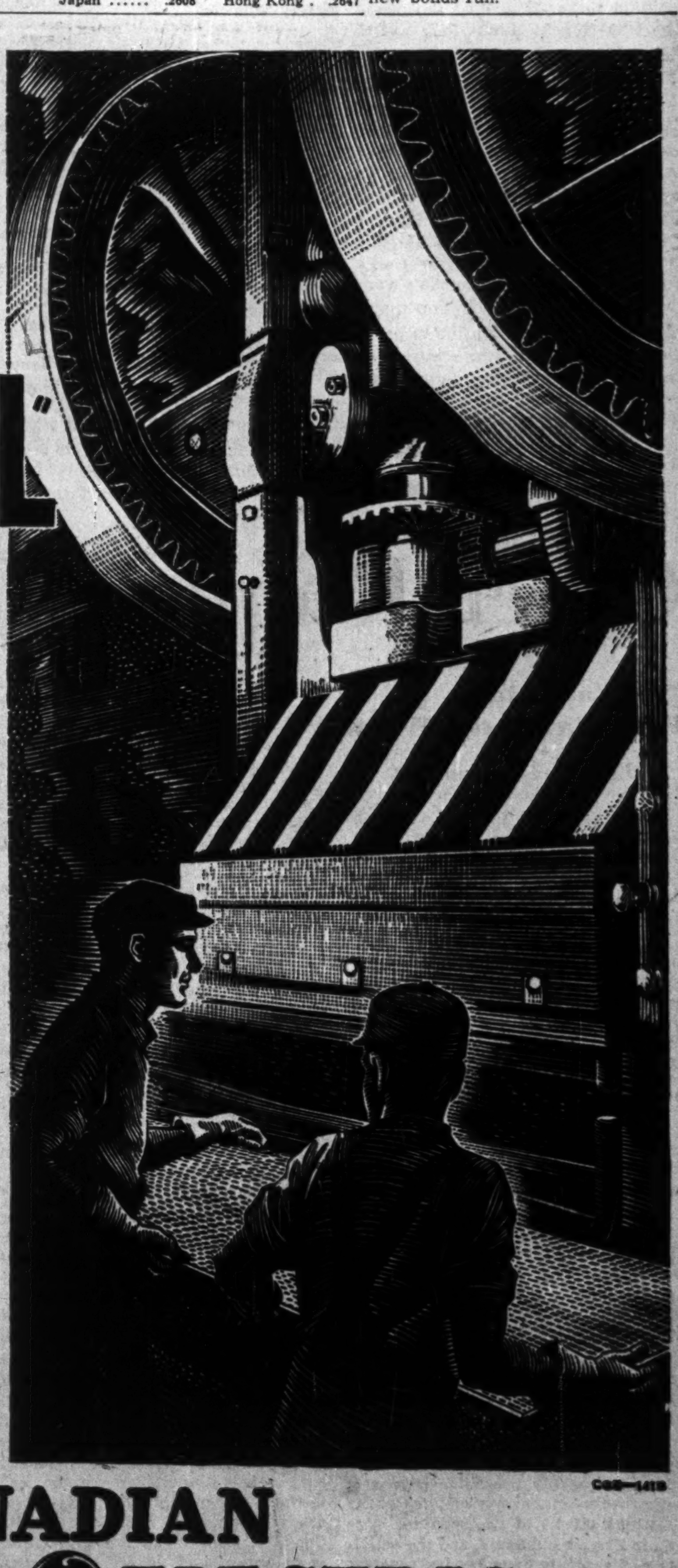

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Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Chilliwack Twp., B.C.	Dec.	James Richardson & Sons	4½%	1941-50	$22,500	100.17	.....
Owen Sound, Ont.	Dec.	Wood, Gundy & Co.	4%	5, 10, 15-yr.	48,206	104.96	.....
Halton County, Ont.	Dec.	Burns Bros. & Denton	3½%	5-yr.	5,000	102.43	.....

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Guelph Carpet & Worsted Spinning Mills	Dec.	Paul Harris & Co. and Harris, Ramsay & Co.	4%	1941-60	$500,000	....	.....

The Editorial Page . .

E.P.T. Achieves Wrong Results

The basic objective of Ottawa's war-time finance policy is paying as much as possible of the war costs as we go along. To this policy The Financial Post has given its complete approval.

Such a policy involves very heavy taxation, both on corporations and individuals. Here again The Post has unreservedly supported drastic taxation for necessary war purposes.

We make these two points because it is our intention to offer some comments on the subject of the Excess Profits Tax and we do not want any one to distort our views by saying The Financial Post thinks business should escape its full share of the war burden.

The Financial Post has argued before, and it repeats again its opinion, that the 75% excess profits tax rate (which runs up as high as 89½% when provincial taxes are added) is a stupid tax, an unfair tax, and one that is bound to be very harmful to the war effort.

* * *

Canada has this tax because the public "demanded" it. This candid statement was made by Hon. J. L. Ilsley, K.C., Minister of Finance, last week. Mr. Ilsley did not attempt to defend the 75% rate nor to indicate that it was the rate that would best serve the interests of the country as a whole.

Indeed it is not to be expected that a man of Mr. Ilsley's astuteness would attempt to argue the economic soundness or the effectiveness of the tax in its present form. Mr. Ilsley and his advisers must know that the tax is bound to defeat its objective of helping the war effort. The old law of diminishing returns already is hard at work.

The tax is a bad tax not because it imposes a heavy burden on industry; but for these reasons:

1. It discourages production. Every stimulus must be given to expansion of our productive machine in Canada. A tax that makes it virtually impossible to earn a return on such expansion has the simple effect of confining new growth to activities financed directly or indirectly by the Government.

2. It discourages economy. Canadian business should be encouraged to operate at the utmost of efficiency. Citizens and business firms should be frugal in their personal and business habits. Money should be diverted to war purposes rather than into private spending. The excess profits tax in its present form takes a good deal of steam out of any executive's effort to achieve rigid economy in his business.

Mr. Ilsley must know that a 50% excess profits tax would bring in more revenue; would discourage new industrial expansion to a less degree; and would keep the watch-dogs of business treasuries more alert.

The Government is afraid that if it reduced the rate—even to get more money—the public would accuse it of favoring big business. But Mr. Ilsley must know that it would be better for all the people of Canada if there were a more economic basis to this war taxation. Has he the courage to lead public opinion rather than give the people merely what the Government thinks they want?

These Huge Profits Are Tax Exempt

The three western wheat pools have been announcing large profits this year. After depreciation and interest on debts the Manitoba and Alberta organizations cleared around $750,000 apiece, while the much larger Saskatchewan pool showed a net of over $1.6 millions.

Hand in hand with these announcements comes a pledge from the pool convention at Regina of its full resources to back Canada's war effort.

One very real contribution that these organizations could make would be to pay on these profits the income taxes that other business enterprises pay.

In common with genuine farm co-operatives the pools are exempt from Dominion income taxes. This concession was given because such co-operatives were supposed to provide at cost marketing and other facilities not otherwise available. But the pools never have provided such service. They simply entered an already well-established line of private business. They duplicated existing facilities especially in the matter of costly elevators. They entered into direct competition with private firms that must pay income taxes on every cent they earn.

Framers of the Income Tax Act never intended that any big business institution like the wheat pools should escape taxes which their competitors must pay. There is not a shadow of excuse for continuing this discrimination.

Other private grain companies are making a real contribution to Canada's war effort. The pool-owned grain companies should be asked to do likewise.

Our Platform For Canada

1. Strengthening cabinet leadership by drawing on Canada's best executive brainpower irrespective of political considerations.

2. An inner war cabinet, free from departmental duties, to plan the nation's war effort and to see that the plans are carried out.

3. Appointment of non-political industrial executive with complete authority to organize and direct procurement of munitions and supply.

4. Pay-as-we-go policy, in so far as consistent with an all-out war effort.

5. Elimination of public and private waste.

6. A national programme for post-war employment and relief problems, along lines of Sirois report.

Winning the war has become the focus, for all effort, national or personal, in Canada. It requires full mobilization of the nation's material and spiritual resources.

To the fullest degree, this should be achieved by individual effort, freely made.

Strong national leadership will inspire service and sacrifice which in turn will reduce the need for regimentation and compulsion.

Starting at Home

Ottawa still distributes, free of charge, its quarterly news magazine, "The Lighter."

"The Lighter" is a publication of the Tobacco Division, Experimental Farm Service, Department of Agriculture. It aims to present in news-magazine form information of interest to the tobacco-growing industry and the trade generally.

Even in peacetime, the service it renders could and should be paid for by subscribers. In wartime, it is an inexcusable waste of taxpayers' funds to continue publication free of charge.

Furthermore, in the current issue it commits a clear breach of censorship rules by issuing detailed trade statistics on tobacco imports and exports—statistics which are apparently not for publication. Above these statistics it says:

"This information is for use of the readers of 'The Lighter' and not for publication."

Why should a government publication of this type be a law unto itself? If civil service "editors" can do it, what is there to prevent The Financial Post or any other newspaper from publishing confidential statistics and writing at the top: "This information is for the use of readers, and not for publication?"

Ottawa's censorship, as well as its "savings" campaigns, had better start at home.

Editorials in Brief

The mayor of Moose Jaw has taken up The Financial Post's suggestion that we should forgive Greece its $6,525,000 debt incurred after the last war.

He said:

"The whole free world bows its head in admiration and gratitude at the magnificent answer the people of Greece are giving the challenge of aggression."

* * *

Edmonton Journal said some nice words recently about the fact that the capital of Alberta was included in our Municipal Honor Roll. The Journal hastens to put us right about some of the early history of the city.

Our story had ascribed Edmonton's big overexpansion period to the boom of the early 20's. The Journal points out that the big boom was in 1911 and 1912 and

"it was in these and the next two years that it incurred far too heavy a load in attempting to expand sewers, streets and utilities in all directions at once."

* * *

United States is not yet at war with Germany—officially—yet Defense Chairman William S. Knudsen told N. Y. businessmen recently they had "better take another look" if they expected to purchase "machine tools in order to carry out the American way of life."

In large measure the sacrifices which this diversion of machinery into war and defense equipment entails are being made in order to give Canada and Great Britain "the breaks." The contribution made by the U. S. in this field is one of the really great stories of the war.

Equally significant is a fact which many Canadian businessmen have not yet realized, namely that the sacrifices Americans are going to be called on to make will be small compared with those which will be expected of non-war industry in Canada in the next few months.

* * *

It recently came out that a much advertised flying missionary to outlying points in Northern Ontario and Alaska was really a distinguished German flying officer. His missionary efforts are said to have been for public consumption and popularity, and his chief work the placing of large stocks of gasoline at strategic points on the Pacific.

Such activities on the Pacific coast on the part of the Germans are not new.

Previous to the Great War, several German naval officers in the guise of priests took a prominent part in church activities in the Esquimault district. These were uncovered some time before the war by Rev. Father MacDonald, a Highland-Scottish priest sent out by the British Government.

* * *

The war is spreading industry all over Canada. This is emphasized by a 100-page issue of the Fort William Times-Journal which outlines the broad scope of industry in that Head of the Lakes community. One of the major contributions is, of course, the production of Hurricane fighters at the Canadian Car and Foundry plant.

* * *

Do you remember H. H. Stevens, once Minister of Trade and Commerce, who in succession discovered big stores, price spreads, reconstruction, unused credit and finally—for himself—oblivion?

Stevens is trying to come back from the politically dead. He made a speech to a club in Vancouver. The speech was a little moldy. The ex-Reconstruction Party leader wanted "a new economic policy"; he wanted "latent credit" mobilized; he wanted the producer to receive his "fair share."

Same empty words; same Stevens.

* * *

The Maritime United Churchman estimates Canada's drink bill at $173 millions a year and adds "we are wasting the cost of 1,730 bombing planes or 6,290 Spitfires."

The Churchman's moral standards are admirable but its financial argument is questionable.

Its figures of lost planes should be cut by 88%. That is the percentage of the retail price of a bottle of Scotch whisky that goes into the treasury to help the Government buy bombers and Spitfires.

It is not likely that 88% of the money spent in Canada for whisky would be channelled back into the treasury in some other way, if people stopped drinking Scotch.

* * *

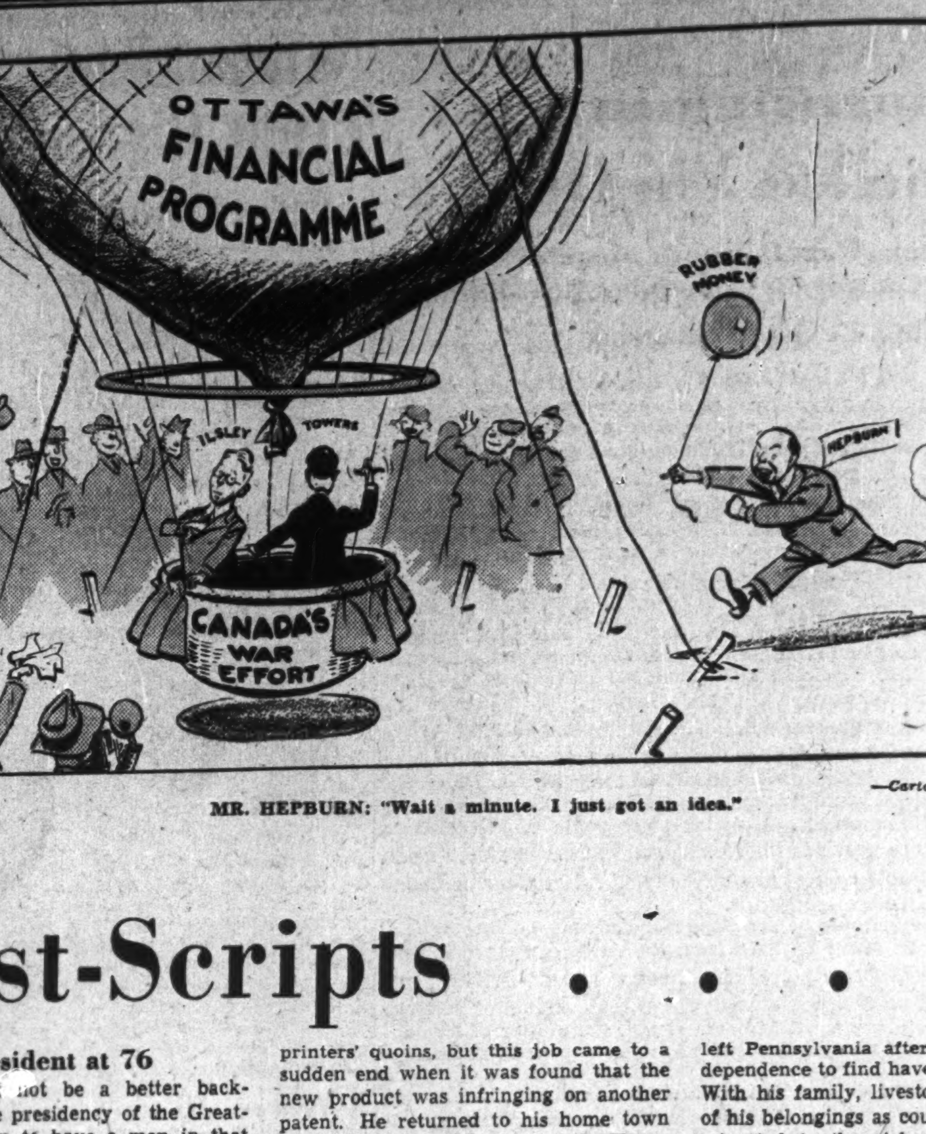
Ottawa rumor has it that one of the major purposes of Mr. Howe's visit to England is to urge the British authorities to transfer some portion of their armaments production to Canada.

Merely placing orders here is not enough. Canada is short of machinery and skilled workers.

It would be a good insurance policy for Britain to transplant in Canada factories, including executives, mechanics and machine tools—equivalent to 10% of her output of vital materials.

That some astute Britons are aware of the advantages in such a programme is apparent. Some weeks ago Lord Barnby discussed the matter in the House of Commons. He said:

"Surely prudence requires envisaging Canada as a second line of industrial and naval defense. Why not aim at the development of plants there and negotiate for expansion to include the transfer from the United Kingdom of selected plants or parts of plants, with necessary technical personnel? In brief, give evidence of a planned drift from industrial concentration in this island to expansion in the Empire in North America."



MR. HEPBURN: "Wait a minute. I just got an idea." —Cartoon by Grassick.

Post-Scripts . . . . .

President at 76

There could not be a better background for the presidency of the Great-West Life than to have a man in that office who came west as a youngster and "made good."

M. F. CHRISTIE

That is the story of the Allan family, which gave the company its former president, the late George W. Allan. It complements the history of the company itself, which started in the West 49 years ago and "came East" to make good in a big way as a great national institution.

The new president (third to hold that office) is Melbourne F. Christie. His father came out from Scotland as a very young man and entered the employ of a mercantile firm in Montreal. Later he moved to Melbourne, Quebec, Eastern Townships. This town is on the St. Francis River and he conducted business there for a number of years. The family next moved to what was then known as Upper Canada and settled in Bowmanville, where M. F. Christie was born.

He was named Melbourne St. Francis after the town and the river from which they had just moved. Apparently his father was very fond of that section of the country. Not long afterward his father removed the "St." from his name "for obvious reasons," as he said. Mr. Christie had the distinction of being born in the only castle the town boasted, known as Castle Dangerous. It apparently was a jerry-built affair, built for a railroad hotel but was never used as such.

* * *

One of Mr. Christie's few pastimes as a youth was to go to the village of Newcastle where the original Massey plant started and also to visit the Dominion fish hatcheries in the same town.

He got his first job when he was 16 years old. This was in Chicago, where he was a salesman for a new form of printers' quoins, but this job came to a sudden end when it was found that the new product was infringing on another patent. He returned to his home town and got a job as office boy in the Upper Canada Furniture Co., at that time the largest industry of its kind in Canada, manufacturing everything from kitchen chairs to elaborately carved sideboards, and upholstered furniture, chiefly of horsehair. He recalls receiving a monthly cheque for his efforts of $16.66.

On his eighteenth birthday Mr. Christie arrived in Winnipeg and entered the employ of G. F. Stephens who had just started a wholesale paint business. Later the firm was incorporated as G. F. Stephens and Co. in 1901. He has been with this firm ever since.

* * *

Mr. Christie remembers Winnipeg in 1882 as a crude, blustering frontier town chiefly famous for wind. At the time of his arrival the great land boom was at its height and this was followed by some years of depression.

Mr. Christie was one of the first members of the Winnipeg Rowing Club and the St. George Snowshoe Club. He says quite frankly: "I never excelled in any sport but enjoyed sailing, rowing, snowshoeing and particularly baseball." He played a lot of baseball and has always been and still is an ardent fan. He was one of the original members of the first golf club in Winnipeg.

* * *

He has travelled quite extensively, but during the last few years has taken very few holidays.

His chief hobby of late is amateur gardening in the summer time. He used to spend a lot of time at his summer home at Lake of the Woods but lately has stayed at home to look after his garden.

He has spent most of his winters in Winnipeg. He states that he would never be contented anywhere else.

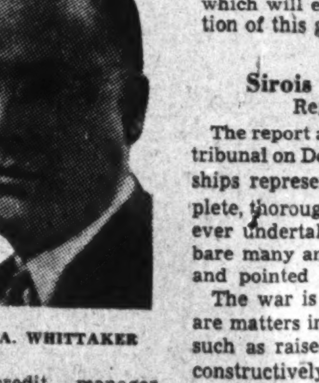
He was one of the group of men who formed the Manitoba Branch of the Canadian Manufacturers' Association and he later acted as Manitoba chairman. He was the first president of the Better Business Bureau and the Employers Association. He has been on the board of the Winnipeg General Hospital for some years. His association with the Great-West goes back 20 years.

Having been in the West for so many years he has seen its booms and depressions and always has been and continues to be a firm believer in its potentialities. However, he still reads his home-town paper, the Canadian Statesman. His vigor and bearing belie his 76 years.

* * *

Thirty-five Years' Service

Election of D. A. Whittaker to the presidency of Sherwin-Williams Co. of Canada climaxes 35 years' service with one company.



D. A. WHITTAKER

Since 1905 Douglas Arthur Whittaker has been climbing the traditional success ladder. Once he sat outside the office of the head of the Sherwin-Williams organization. Now he occupies that office.

He started as a junior clerk and went from there through to the accounting and sales departments. In turn he became credit manager, secretary-treasurer, vice-president and director, managing director and finally president.

* * *

"Doug" Whittaker was born on a farm five miles from Morrisburg, Ont. It was an historic farm. For in the springtime young Whittaker used to see the plow turn up shot from old muzzle-loading cannon, relics of days when Americans fought Canadian colonials in the war of 1812.

Mr. Whittaker's ancestors were United Empire Loyalists. His great-grandfather left Pennsylvania after the War of Independence to find haven on British soil. With his family, livestock and as many of his belongings as could be carried, he migrated to the rich farmland on the shore of the St. Lawrence.

Mr. Whittaker was educated at the Morrisburg Collegiate. Upon graduation he launched into a business career with Sherwin-Williams. He has been there since. In 1914 he went as far afield as Winnipeg.

Mr. Whittaker's associations outside business hours are widely diversified. An avid reader, he is past president of the St. James Literary Society. He has acquired an imposing library of history and biography but reads an occasional detective "thriller" for recreation.

He is past president of the Credit Men's Association; a fellow of the Chartered Institute of Secretaries and a Fellow of the American Geographical Society. He is a governor of the Homeopathic Hospital and the Children's Memorial Hospital in Montreal. He is past president of the Caledonia Club.

* * *

Manitoba Proposal

At some future date, the Hon. Stuart S. Garson, K.C., able provincial treasurer of Manitoba, may be able to take some pride in the rôle he played toward getting the Rowell-Sirois report implemented.

STUART GARSON

We have come across the following paragraph with which Mr. Garson concluded an address before the financial bureau of the Winnipeg Board of Trade in June of this year:

Said Mr. Garson:

"The performance of this gigantic task has been so well done that it will go down in history as one of the greatest, if not the greatest, pieces of statecraft that has so far been achieved by Canadians. It is not, in my judgment, an overstatement to say that it will be a profound tragedy if this report is not implemented at the earliest possible moment.

"Excuses may be made by those who are hostile to it that, while it is very good, the report should not be implemented in wartime. Our impression is that there is an even greater need for soundness and stability in public finance in wartime than in peacetime. For that reason our statesmen at the earliest possible moment should bring it into effect if for no other reason than the great benefit that it will have to Canada's war effort.

"This report is Canada's financial Magna Carta. It is your patriotic duty and it certainly is in your interests as influential citizens to do all in your power to build up a public opinion which will encourage the implementation of this great state document."

* * *

Stop Me If . . . .

A "High Hat" young Nazi officer was brought down in England, badly wounded, and taken to hospital; when he was recovering he declaimed loudly on the superiority of the German race and the purity of his Aryan blood.

"See what a quick recovery I am making from a really bad wound," he said.

"You ought to," replied the doctor, "I have put a good two pints of the best Jewish blood into you."

Other People's Views . . . . .

The Canadian Editorial of the Week

Labor and Communism

Toronto Telegram

Ernest Bevin, who is said to be the strong man of the British Labor Party, is having difficulty both with British Communists and the Soviet Government. He says the Communists are not only interrupting his meetings but are "furthering a Hitler peace offensive," while the Soviet is interfering with the domestic affairs of Great Britain. "This government," he declared the other day, "has got to face the issue as a matter of war strategy and has to teach Russia that her method of carrying on her foreign policy does not pay here."

Mr. Bevin is a choleric gentleman and his temper is becoming strained. One of these days he will lose it and tell the whole truth about Russia and the Communists. Then the wool may be removed from the eyes of those simple folk who were deluded by the outcry of Labor politicians into the belief that the Bolshevists were friends of freedom, longing to fight at Britain's side but prevented by the vicious stupidity of British Conservatives.

The truth, as Mr. Bevin may be impelled to tell it, is that, while other countries in the 22 years since the last war have had good and bad governments Russia alone has had a government that was consistently vicious.

Its aims, openly proclaimed, were to cause revolution and war elsewhere; the disastrous effects of its meddling were seen in France and Spain, and the activities of its agents have been a constant cause of mischief in Britain, the United States and Canada.

Mr. Bevin is not learning a new lesson. When Baldwin was in power in the twenties, Labor politicians cried out on his attitude toward the Soviet.

When Ramsay MacDonald subsequently took office, he and his ministers had to complain continually that the Bolshevists were taking advantage of the British Government's friendship to cause trouble in Britain. When Sir Stafford Cripps tried to form a Popular Front that would embrace both Labor and Communists, Labor voted against any alliance with Communists on the ground that these would "stab them in the back."

Labor leaders were never under any illusion concerning the intentions of Communists in Great Britain, and whether a hard-headed gentleman like Mr. Bevin ever believed in the advantage of a Bolshevist alliance is a matter of doubt.

If he should be forced to speak his mind now, the innocent people who were misled before may learn something of the truth.

* * *

The Mail-box

Cyrus Eaton Urges Seaway

Editor, The Financial Post:

While lively discussion has been provoked by President Roosevelt's recent announcement that he intends to press for early completion of the Great Lakes-St. Lawrence seaway and power project, there has been no reference to two important aspects of the development's historical background.

One, in the words of former President Hoover at Toronto in 1938, is that "the issue is not a political one in our country" and never has been. Since the first joint Canadian-American engineering survey was undertaken in the early twenties, the project has had the successive support of Presidents Harding, Coolidge, Hoover and Roosevelt. President Wilson had earlier accorded the project his approval too.

The other is that a group of our most influential conservative business interests was sufficiently convinced of the enterprise's economic soundness to engage in extensive constructive effort to consummate a Great Lakes-St. Lawrence plan during the twenties. That group included a leading banking house and outstanding industrialists, and was headed by my old colleague, the late George T. Bishop. They held that the power rights would be sufficient payment for developing with private capital the whole project, including the navigation phase, which they planned to turn over to the public free. Under these auspices, exhaustive engineering studies were made, detailed plans were formulated and popular support was enlisted in the Great Lakes area. After they formed the Frontier Corp. to go ahead with construction of the project, Governor Smith intervened, enunciated New York State's policy that the water power rights be reserved for the people and ended the great hopes of Mr. Bishop and his backers.

It is now clear to those who take the realistic view that, when the project is undertaken, popular opinion on both sides of the border will insist that it be built and operated as a public rather than a private enterprise. It should be remembered that all of the qualified experts who have made studies, whether at the instance of the Government or the private group, have been unanimous in their approval and have differed only on engineering details. Consequently, any lingering doubt of the plan's feasibility or its desirability for the greatest good of the greatest number must be dispelled.

The biggest obstacle in the path of the Great Lakes-St. Lawrence development has been the divergent interests of the five governmental bodies most directly concerned. Had these waters been within a single jurisdiction, the project would undoubtedly have been completel many years ago. The governments of the United States, the Dominion of Canada, the State of New York and the Provinces of Ontario and Quebec, after the patient negotiation characteristic of democracies, now seem to be close to agreement on a common programme. When that agreement is reached, no reason will remain for further delay.

CYRUS S. EATON.

Cleveland, Ohio.

What the Papers Are Saying

Canadian Exports to Latin America

N. Y. Journal of Commerce

Latin American countries are looking to Canada, as well as the United States, as a source of imports to replace goods formerly purchased from Europe.

Canada is in a favorable position to increase her trade with other western hemisphere countries because she now imports slightly more from Latin America than she exports to these nations. There is thus no immediate foreign exchange problem. Furthermore, a large number of South American export commodities are not competitive with Canada's own products, so that there is less internal resistance to expanding imports. Canada produces no subtropical fruits and cotton, and little corn and inadequate supplies of petroleum and vegetable oils. All these commodities could be imported in larger volume from Latin America, in exchange for pulp, newsprint and various manufactured goods.

Canada will doubtless become a more vigorous competitor of this country in Latin America, not only during the war period but also after the conflict, when the productive capacity of Canadian industry will have been greatly expanded as a result of current heavy plant construction to meet wartime requirements.

* * *

What the Journal Said

The Toronto Globe and Mail

The Ottawa Journal protests that it didn't scoff at "dollar-a-year" men; just the contrary. Well, here's what the Journal said about them: "They let contracts and orders right and left; let them with such speed and abandon that some of us were bewildered. . . . Unfortunately there was a catch in it. The catch, oddly enough, was that these businessmen, of all people, sometimes failed to plan their contracts. Failed, to be more accurate, to see their implications and consequences." If our esteemed contemporary wasn't scoffing, perhaps it was just sneering. Or maybe it was just bewildered.

* * *

Committee That's Needed

Winnipeg Tribune

If committees and subcommittees and advisory committees at Ottawa can win the war, then Hitler should certainly begin to run for dear life. We may be short of equipment, planes, tanks, ships, guns, but we've got the foe outnumbered in committees.

Committees are fine in their way. But they are no substitute whatever for planning and leadership at the head of affairs. Just one more committee is needed and that is a real War Cabinet—perhaps a "committee to end committees." Without this, the labors of that great plethora of committees at Ottawa are likely to represent waste motion.

* * *

Sirois Report and Unity

Regina Leader-Post

The report and recommendations of this tribunal on Dominion-provincial relationships represented one of the most complete, thoroughgoing and penetrating jobs ever undertaken in any country. It laid bare many an urgent Canadian problem and pointed the remedy.

The war is urgent, but urgent as well are matters in the "body politic" at home such as raised, analyzed and dealt with constructively in this Royal commission's findings. The report of this body deals with matters tied in vitally with national unity. Is there anything more important than national unity as a prior condition for successful prosecution of the war?

Sayings of the Week

"Our increased national income must go not into living but fighting." — *Hon. James L. Ilsley, K.C., Minister of Finance.*

* * *

"It is the tide and not the mere eddy of events which will dominate the French people."—*Prime Minister Churchill.*

* * *

"As a nation we have ample resources to provide employment for all our people who want to work and are able to work." —*Charles F. Kettering.*

* * *

"It is better to prevent than to prosecute."—*Edgar Hoover.*

* * *

"The true strength of England lies in the incredible morale of the British civilian."—*Claire Booth.*

* * *

"The soil in which revolution and anarchy flourish is the soil of social injustice or insecurity, the rank loam of unsolved problems ready for the seed of the agitator and the propagandist." — *Professor Watson Kirkconnell.*

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Week in Business

See Activity Sustained At High Level in 1941

Scope of Government Controls Overbuying of Non-essentials Causes Speculation in Business Circles — Industrial Expansion Indicated

Canadian business looks forward to further expansion in 1941. Increasing production of war materials and equipment implies a larger demand for raw materials, transportation services, electric power and labor. This all spells larger spending power for the purchase of consumer goods.

Merchants do not anticipate any great difficulty in meeting the demands of their customers for goods, in spite of the restrictions placed on imports by the War Exchange Conservation Act. The bulk of their goods are of Canadian manufacture, and stocks of imported merchandise had been fairly high before the restrictions went into effect.

Just how far the Government will go to check buying of non-essentials is causing speculation in business circles. Ottawa views savings by the people not only as a source of funds from which it may borrow but also as a means of reducing private competition for goods and materials needed in the war effort. Finance Minister Ilsley recently urged the public to reduce its purchases of non-essential goods. Increased excise taxes on certain articles and appliances are an indication of the official attitude.

In most cases where it will be impossible to obtain replacements from hard currency countries, it is expected substitutes will be available from the sterling area or from home manufacturers who, if not working on war orders, may widen the scope of their operations.

* * *

One of the most impressive features of Canadian business in recent months has been the steady expansion in export business. Total exports in November were $118 millions or more than 20% higher than in 1939. Total exports for the first 11 months of 1940 show an increase of 31% over last year.

These larger total exports reflect the increased movement of certain important Canadian products such as lumber, wheat, flour, newsprint and base metals, as well as army motor vehicles and munitions. Gold production has been expanding, the total for the first nine months of 1940 being up 3%.

Business Indicators

Current business brisk with D.B.S. index in recent weeks rising steadily and substantially higher than year ago.

Railways—Carloadings and gross traffic earnings for second week of December well above last year.

Automobiles—Financing of both new and used cars in November higher than in 1939 with totals for year to date up over 19%.

Living costs at Nov. for family of five more than 2% above same date last year and about 6% higher than at start of the war.

Cigarette consumption up in November, total for year up 6%.

Bond sales in Canada higher in November, total for year up 43%.

Iron and steel production both increase sharply in November.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus ▪.

TREND OF BUSINESS—	Dec. 14	Dec. 6	Nov. 30	Nov. 23	Dec. 16/39
Weekly index of business, D.B.S.	108.7	107.2	106.4	105.1	103.9
Commodity prices index no.	84.3	84.1	84.1	84.0	81.2
	Nov.	Oct.	Sept.	Aug.	Year Ago
The Financial Post business index	•160.5	151.7	147.4	142.9	129.0
Retail sales index no.	....	93.7	91.0	93.6	86.9
Dept. stores sales index no.	97.6	92.4	89.2	89.1	81.8
Wholesale sales index no.	....	133.9	124.2	115.1	123.1
Country store (% change pr. yr.)	....	+3.6	—10.7	+9.8	+3.5
EMPLOYMENT Index Nos., D.B.S.	Nov 1	Oct. 1	Sept. 1	Aug. 1	Year Ago
All industries	139.2	136.2	131.6	127.9	123.6
Manufacturing	144.6	143.8	138.4	134.4	122.1
Wage earners. no. 000's	...	...	2,805	2,709	2,506
▪Living costs weekly budget	$18.14	$17.87	$17.82	$17.90	$17.77
			Jan. 1 to date		%
RAILWAYS—	1940	1939	1940	1939	Change
▪Carloadings (week Dec. 14)	58,281	48,343	2,714,721	2,466,692	+10.0
▪C.N.R. gross (week Dec. 14) $	5,349,721	4,290,358	234,226,968	193,687,387	+20.9
▪C.P.R. gross (week Dec. 14) $	3,736,000	3,126,000	162,023,000	143,998,000	+12.5
▪C.N.R. net revenue (Nov.) $	5,524,224	4,974,604	38,733,861	17,080,805	+126.7
C.P.R. net revenue (Oct.) $	5,470,639	5,844,165	25,760,614	18,549,575	+38.8
IRON AND STEEL—Nov.—					
▪Pig iron production (tons)	109,576	87,822	1,058,417	661,562	+60.0
▪Steel ingots and castings prod. .... (tons)	176,113	147,182	1,825,752	1,234,765	+48.0
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* .. (Oct.)	4,829	5,682	85,370	74,637	+14.4
Factory output .. (Nov.)	10,814	9,882	98,473	97,315	+1.2
Trucks and Buses:					
Domestic sales* .. (Oct.)	1,665	1,219	25,480	21,052	+21.0
Factory output .. (Nov.)	12,807	6,874	101,147	41,023	+146.6
Financing:					
▪Used .... (Nov.) $	2,931,998	2,397,918	39,035,790	32,725,275	+19.3
▪New .... (Nov.) $	2,538,480	1,908,245	30,766,203	25,742,344	+19.5
CONSTRUCTION—					
Contracts awarded .. (Nov.) $	54,981,900	12,739,300	329,091,500	177,749,300	+85.1
Cement prod., bbls. (Sept.)	909,000	852,000	5,528,804	4,424,691	+24.9
AGRICULTURE—					
Flour prod., bbls. .. (Oct.)	1,872,514	2,089,562	13,590,455	13,326,579	+1.9
Flour exp., bbls. ... (Nov.)	662,718	572,810	6,625,291	4,439,458	+49.2
Wheat exp., bush. .. (Oct.)	9,658,887	16,848,847	110,129,700	107,856,939	+2.1
Cattle sales▲ ...... (Nov.)	123,596	108,983	1,062,519	1,009,833	+5.2
Hog sales▲ .... (Nov.)	654,218	443,398	4,766,632	3,268,256	+45.8
SEA FISHERIES—‡					
Catch, cwts. .... (Oct.)	1,052,400	830,900	9,450,250	8,398,750	+12.5
Landed value ...... (Oct.) $	1,669,300	1,203,200	15,961,000	15,106,650	+5.6
NEWSPRINT—					
Production, tons ... (Nov.)	282,344	288,726	3,165,906	2,628,610	+20.4
Exports, tons .... (Oct.)	275,821	270,493	2,702,750	2,149,435	+25.7
MINING AND OILS—					
Coal prod., tons ... (Oct.)	1,708,278	1,798,634	13,965,293	12,465,993	+12.0
Coal imports, tons .. (Oct.)	1,594,611	1,949,633	15,244,073	10,779,316	+41.7
Gold prod., fine oz. (Sept.)	440,450	422,392	3,935,341	3,801,760	+3.5
Crude oil prod., bbl (Sept.)	841,752	720,866	6,268,565	5,787,117	+8.3
Crude oil imp., bbl. (Oct.)	5,102,000	4,745,900	35,402,970	31,400,500	+12.7
ELECTRIC POWER OUTPUT—(October)—					
Total monthly, 1,000 kw.h.'s	2,487,455	2,589,956	24,971,047	23,213,736	+7.5
FOREIGN TRADE—♦					
Imports .... (Oct.)	108,644,852	79,053,266	877,364,556	594,384,985	+47.6
Exports .... (Nov.)	118,408,587	98,490,366	1,094,511,368	833,948,985	+31.2
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.: 1,000 bd. ft. ...... (Nov.)	231,532	138,924	2,261,389	1,962,894	+15.2
Shoes, prod., pr. .. (Oct.)	2,531,659	2,701,694	21,985,976	20,606,901	+6.7
Cotton consump., lb. (Nov.)	16,236,976	15,978,183	175,113,097	114,839,736	+52.5
Raw rubber imp., lb. (Oct.)	18,056,804	11,877,283	86,140,318	60,631,009	+42.0
▪Cigarette cons. No.† (Nov.)	686,868	632,938	6,997,004	6,613,812	+5.8
Sugar manufactured .. lb.§	174,045,529	146,317,261	886,565,423	809,120,369	+9.5
FINANCE—					
Bank debits† .... (Oct.) $	3,526,625	2,898,916	28,179,805	25,630,139	+9.9
▪Bond sales† .... (Nov.)	107,977	64,481	1,963,186	1,369,032	+43.4
▪Life insurance sales (Nov.) ..	32,899,000	33,034,000	331,490,000	333,967,000	—0.74

*D.B.S. All Canada figure covering over 90% of the Canadian total.
†000's omitted. §For four weeks to Nov. 2, 1940. ♦Gold excluded.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. •Preliminary.
▲Total at yards and plants.
New items for week marked ▪

Investment Securities
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SKF
BALL & ROLLER BEARINGS
ALL TYPES - ALL SIZES

Keeping Posted . .

By J. C. KIRKWOOD

All the bright ideas and practices in retail merchandising are not native to the countries north of the Gulf of Mexico. Drug Merchandising in a recent issue tells the story, as reported to it by W. A. Chant of the Dr. A. W. Chase Medicine Co., Oakville, of a co-operative store to handle night trade. It is maintained by the druggists of Mayaguez, a city of 45,000 people in Puerto Rico.

JOHN C. KIRKWOOD

This unique store was initiated five years ago by a group of local druggists who had come to the conclusion that one reliable pharmacy could take care of the evening trade in filling prescriptions. Competition had been requiring all of them to keep open until late hours. The co-operative store carries a full stock of everything likely to be required.

Two pharmacists are in attendance from 7 to 11 every evening, after which one remains on duty, subject to call by the night bell. The pharmacists who operate the store are supplied in rotation from the 17 member stores. The last annual report, following the end of the fourth year, showed a total profit of $3,000.

* * *

Bargainer

A good story, taken from The Reader's Digest, is retold in Hardware and Metal. It is about a visit made by Thomas B. Costain, a former editor of Maclean's Magazine, to Calvin Coolidge, to negotiate the purchase of an article written by Mr. Coolidge. He wanted to sell it to the Saturday Evening Post, of which Mr. Costain was then an associate editor

"How much are you prepared to pay me?" asked Mr. Coolidge.

"Ten thousand dollars," said Mr. Costain.

For five minutes Mr. Coolidge considered the offer, and then said: "Ten thousand, two hundred and fifty dollars, and not a penny less."

Later it was explained to Mr. Costain by Mr. Coolidge's secretary: "You don't seem to realize that Mr. Coolidge comes from Vermont. He figures that a thing worth $10,000 can be sold for at least 2½% more!

* * *

Wheat For Fuel

"The Wheat-Fuel Mystery" is the caption of an editorial in the December issue of Canadian Automotive Trade. It is quite probable, says the editorial, that the momentum achieved during the war would serve to make the use of grain alcohol in motor fuels a matter of common practice in the days of the peace that must come. The use of grain alcohol in motor fuels would, it is said, create an entirely new domestic market for our wheat; it would take millions of bushels a year.

"When one considers the American dollar situation facing Canada and adds to that the cost to the Dominion Treasury of buying and holding the enormous wheat carryover, the addition of a few cents per gallon to the selling price of motor fuel means nothing," contends Canadian Automotive Trade. Canada's consumption of gasoline in 1938 was over 800 million gallons. One bushel of No. 1 wheat will yield 2.11 gallons of absolute alcohol. The production of grain alcohol offers no scientific difficulties.

* * *

Big Industry

In 1940 Canadian truck owners gave direct employment to over 450,000 men—more than all other forms of transportation combined. The investment in equipment, warehouses and garages is close to $500 millions. Trucks serve in the neighborhood of 10,000 communities lacking direct rail facilities.

This impressive statement is made by J. O. Goodman, secretary-manager, Automotive Transport Association of Ontario, in a guest editorial in the December issue of Bus & Truck in Canada.

* * *

Bathrooms

"If cleanliness is next to godliness, then our Chinese neighbors were a most ungodly lot." So said W. W. Goforth, manager of the Canadian Institute of Plumbing and Heating, in addressing the Canadian Institute of Sewage and Sanitation. Mr. Goforth's father was a Canadian missionary in China. "The grim spectre of disease and epidemic was everywhere," continued Mr. Goforth. "In Ontario you have an infant mortality rate of 55 per thousand. In the interior of China where we lived it was certainly not less than 400 per thousand. A pure water supply and a scientific sewage disposal system are the very foundation of a healthy civilization."

Mr. Goforth continued, as reported in Sanitary Engineer for November: "One phase of sanitation has been seriously neglected in Canada: the plumbing facilities of business and public buildings. We believe that from 30% to 40% of such premises are not only substandard in relation to your by-laws, but are frequently a real menace to public health. This applies particularly and acutely to many restaurants and eating places."

* * *

Soda Fountain Clinic

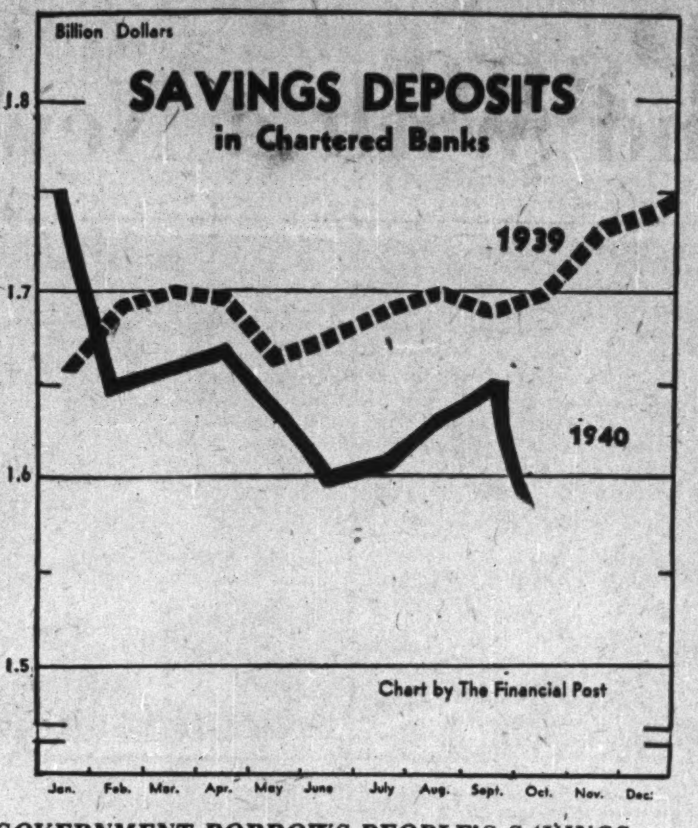
Toronto has a soda fountain "clinic"—a sort of school and laboratory—an experimental station for the benefit of fountain operators, an enterprise of Acme Farmers Dairy. It bears the name "The Village Fountain," its location, Forest Hill Village.

This experimental fountain is a means of determining effective merchandising methods for increasing the sale of dairy products at soda fountains. What is learned is then passed on to fountain operators elsewhere.

Here are examples of findings: Window or door advertising will increase the sales of certain fountain items as much as 100%; backbar and fountain advertising material will create increases in almost any good fountain item, but will create bigger increases if the arrangement of the advertising is changed frequently.

Clerks are taught how to wait on a customer properly, how to make syrup and sauces; to keep track of breakages, to operate quietly, to wipe counters after a customer has left, using an absorbent cloth which will not leave the counter wet.

The story is told in the Nov. 15 issue of Drug Merchandising.



GOVERNMENT BORROWS PEOPLE'S SAVINGS

The chart shows how savings deposits in the Canadian chartered banks fell in February and October after each of the two Government war loans. The bonds bought by investors in January and September were mostly paid for in the month after purchase.

The decline is only temporary as the money borrowed is quickly distributed for war materials and wages to war workers and soon finds its way back to the banks as savings deposits.

Canada Buying Brazilian Cotton

Lower Price Forcing Short Length U. S. Cotton Out of Market

From Our Own Correspondent

MONTREAL.—Brazilian cotton in the shorter length is not only underselling but is replacing American cotton in the Canadian market.

Brazilian cotton, which first seems to have entered the Canadian market on a commercial basis about 1936, is underselling American cotton of about the same quality in this market by approximately 1¾ cents. In view of the comparative ease with which one growth can be substituted for the other, Canadian mills are said to be unwilling to buy American cottons in lengths up to 1 inch when Brazilian cotton can be purchased at substantially lower prices.

It is also reported that many Canadian mills have changed their machinery in order to facilitate the use of Brazilian cotton, which may tend to discourage return to American cotton.

Although cotton mill activity is at a high level in Canada, this situation creates a probability that little American cotton of the above-mentioned lengths will find a market in Canada for the next half year or even longer.

Canada has taken an increasingly large share of American cotton exports in recent years. According to returns compiled by the U. S. Dept. of Agriculture, for the year beginning August and from the period 1929 to 1938, Canada purchased an average of 3.6% of all American exports. In the year ended Aug., 1939, Canada's share had increased to 6.7%, or very nearly double the average of the previous 10 years.

For the period from August to October, 1940, Canada took 6.9% of the American exports, as against 4.8% in the corresponding period of the previous year.

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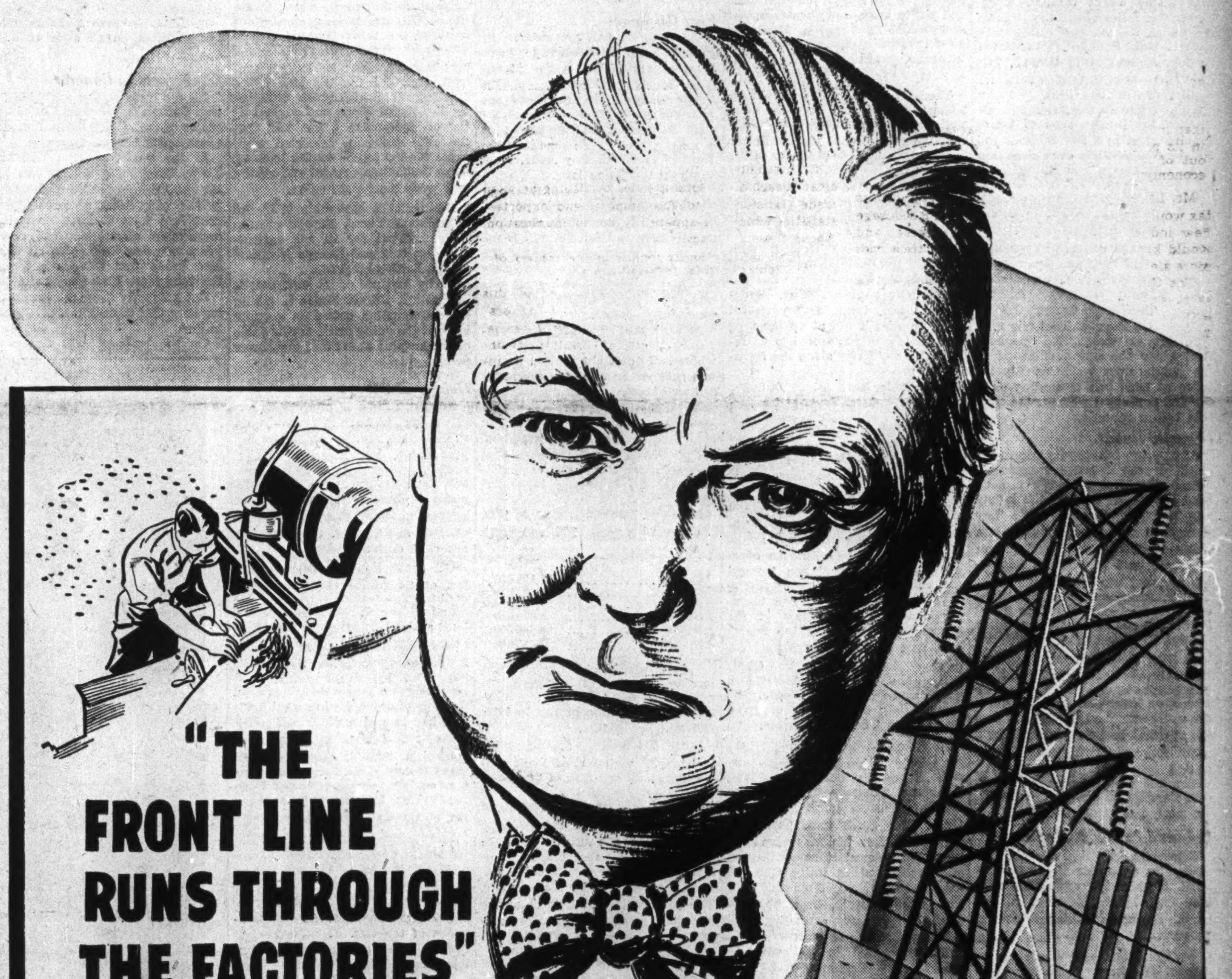
Drop of 25% Is Shown In Housing Act Loans

Loans under the National Housing Act fell off 25% in November, amounting to $1,221,252 in comparison with $1,465,331 in Nov., 1939. All loans were to finance single family dwellings of low or moderate cost, in accordance with the restricted basis of loans in effect since last January. Cumulative total of loans since inception of the Act in 1935 now stands at slightly over $65 millions, covering 19,287 housing units. New applications being received are more numerous than a year ago, though, of course, the amount of loan per unit is smaller because of the elimination of loans for multi-family dwellings.

Federal Aircraft Ltd. Has New Director

From Our Own Correspondent

MONTREAL.—W. A. Newman has been elected to the board of directors of Federal Aircraft Ltd., the government company directing production of the Avro-Anson bombing airplane. Mr. Newman is chief mechanical engineer of Canadian Pacific Railway Co.



THERE, in Mr. Churchill's vivid words, is modern war. Plants, factories, machine shops . . . these, too, are battlefields. From them come the weapons of victory . . . and upon them hangs our future.

Ontario, as Canada's major industrial province, daily takes on an ever more important role in this modern, total warfare. And as the "power partner" of Ontario industry, Hydro is conscious of its own heavy responsibility in today's emergency. Throughout the province, Ontario Hydro is doing its part by supplying power in line with *all* demands —industrial, domestic and rural. On every front, too, your Hydro Commission is forging ahead with plans to keep pace with tomorrow's needs.

In combat it is sea, air and land power that count. In industry it is *Electric Power.* And all Ontario can well be proud of the proved capacity of its own co-operative utility system—Hydro—to power "the front line that runs through the factories".

THE Hydro
ELECTRIC POWER COMMISSION OF ONTARIO

BUY WAR SAVINGS CERTIFICATES

HL-141

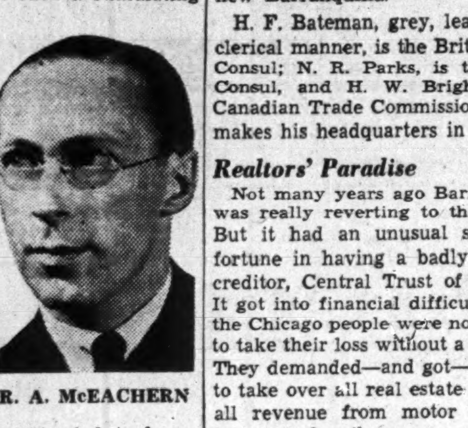
Canada Looks South

Colombia — an Old Land With a New Future

Post writer reaches mainland of South America — Barranquilla, wonder city of Spanish Main, throbs with new life —

Canadian oil and mining interests well known in Colombia

By R. A. McEACHERN
Staff Writer, The Financial Post



R. A. McEACHERN

BARRANQUILLA, COLOMBIA. —This is a new wonder city of the old Spanish Main. It has a 400-year-old history, but it is the new future which makes it such a stimulating introduction to South America.

That future was created by two things —the airplane and a Chicago loan company.

Barranquilla was little more than an overnight stop on my airplane tour of South America. Gossip from travellers who pretended to know had it that Barranquilla was a "dump," a wretched little town propped up on the jungle.

First Impressions Poor

Admittedly your first impressions will not be favorable. We had left the tropical gem, Jamaica, shortly after noon, had a five-course luncheon from the kitchen of the giant clipper and swept through wispy clouds two miles above the tropical sea, which was flecked with hardly a wave. Until Pan-American started its regular service to Hawaii, this had been the longest overwater regular trip in the world.

Around five in the afternoon we reached the jungle coast of South America, and in a few minutes the clipper was settling over a swamp that "outswamps" anything anywhere in Canada.

The muddy, crocodile-infested Magdalena River on which we landed has Barranquilla at its mouth. Flat-bottomed, three-decker river boats, with great revolving paddles at the stern, there start their 300-mile journey inland through the jungle toward Colombia's capital, Bogota. That trip may take days or weeks. No one ever knows, for the ups and downs of the jungle river water usually involve at least one grounding on a bar and perhaps a wait for the next rain before resuming.

Frontier Spirit

As in every community where the spirit of the frontier reigns and where people are having a good time out of life for what it is and may be rather than for what they thought it was, Barranquilla has a generous, enthusiastic hospitality, of the same kind as Calgary, Edmonton or other western Canada cities.

B. T. Bradbury, short, red-faced and chubby manager of the Royal Bank of Canada here, was organizer of the English-speaking community's reception for the travellers from Canada looking at the trade possibilities of the South. His very attractive home—all on one floor—the walls nearly all windows to trap the slightest breeze—proved to be a grand-for-party-giving house for the 80-odd guests at his reception. I didn't find a single honest-to-goodness Canadian there. Mr. Bradbury, our host, came from Jamaica.

Colombia's Mitch Hepburn

Colombian political figures included the Governor of the Department in which Barranquilla is situated—the Mitch Hepburn of his party. His name is Joaquin Ramon Lafauriez.

"Why don't you teach your school children Spanish?" he asked. "Here we make all of them learn English. We are together in this part of the world. Nothing would be more important for us in getting along well together and sharing our blessings."

Samuel Hollopeter, the representative here of Central Trust of Chicago, the company which came to spare itself loss and stayed to build a dynamic new city, is one of the most honored men in the city because he is truly father of the new Barranquilla.

H. F. Bateman, grey, lean and of clerical manner, is the British Vice-Consul; N. R. Parks, is the U. S. Consul, and H. W. Brighton, the Canadian Trade Commissioner, who makes his headquarters in Panama.

Realtors' Paradise

Not many years ago Barranquilla was really reverting to the jungle. But it had an unusual stroke of fortune in having a badly worried creditor, Central Trust of Chicago. It got into financial difficulties and the Chicago people were not willing to take their loss without a struggle. They demanded—and got—the right to take over all real estate taxation, all revenue from motor cars, all taxes and other revenue from slaughtering. Central Trust saw possibilities. It was getting some of its back interest and soon it began to get profits for itself and for Barranquilla.

To help real estate, it built miles of paved roads—big wide ones with a boulevard in the middle. To make the place livable for people with money to spend, it planted trees and put in a top-notch water works and electric light system. Making a good investment out of a "dud" led to one step after another. For instance:

There is a city ordnance that no adjoining houses can be of the same design; that every house (all stucco) must be painted once yearly. Result is that the hundreds of blocks in the residential area present an amazing variety of house design, and a smartness one gets in only an occasional block here and there in Canadian cities.

I had a very brief chat with Samuel Hollopeter, the man in whose hands Central Trust has put the whole problem. Tall, grey-haired, ruddy-faced, a very typical American, he is not at all the type of potentate one expected to be remaking an old city along the Spanish Main.

The Hollopeter doings brought profits for Central Trust and naturally others were quick to help share in those profits.

The Brothers Obregon

The Obregon family, now represented by Don Pedro and Don Rafael, put up the money for a Grand Hotel, del Prado, a magnificent structure "of the meadow" as its name means in Spanish. An enormous swimming pool and tropical garden take up the courtyard of the U-shaped Spanish-style building and in another part of the grounds are a dozen or two separate-house apartments designed for permanent hotel guests. The Obregons have recently completed a very modern office building the ground floor of which is occupied by the Royal Bank of Canada.

Barranquilla has only about 180,000 people. It has grown more than 50% in the past dozen years. The important thing is its growth in wealth; a boom spirit pervading. Great new docks have just been completed. New factories have been built—for manufacture of cotton and rayon textiles (more Obregon money there), vegetable oils and fats, flour, tobacco, beer, pharmaceuticals, perfumes, cosmetics, soap.

Barranquilla's story cannot be fully discovered in an overnight stop. Nor is Barranquilla by any means the full story of the new Colombia that is emerging.

Other Thriving Cities

Bogota, far inland, 9,000 feet up in the Andes and called the highest capital in the world, has about 300,000 people and is cold enough to demand an overcoat every night.

"The airplane is the Colombian's trolley car and taxi. Without the airplane the riches of its fertile valleys and mountains would not now be plucking so vehemently at the sleeve of a glittering destiny. The country is like a vast section of northwestern Canada where it seems improbable that roads or railroads will ever be built."
—*Pan American Airways photo.*

Medellin with 155,000 is another of the new, growing industrial centres. It is the centre of the big gold mining business and is going heavily into textile manufacture and wearing apparel.

Cali is another old centre with new life. Then there is Cartagena, the old pirate stronghold, now one of the world's greatest petroleum ports.

Vast Distances

Colombia is not favored by its geography. It is trisected by three giant ranges of the Andes Mountains. Much of its coastal region is jungle swamp. Its distances are vast, and chief cities widely separated. Remember that the total area is roughly that of a rectangle from Toronto to North Bay wide, from Montreal to Regina long.

Most significant news of this great South American State which borders on two oceans and is closest of its continent to United States is the fact that it is pulling itself out of the very precarious and economically primitive position to which it was condemned by its wealth in a single commodity—coffee.

As the world's second largest producer of coffee (Brazil first) the whole state of eight million people was condemned to riding the roller coaster of world coffee prices.

The past two decades have brought enormous new wealth in gold mining and in oil production.

Then came serious attempts at diversification and other commodities are also beginning to contribute.

Here are Colombia's exports 1939. (Colombian peso 1.75 equals $1 U. S.)

	Pesos
Coffee	87,125,000
Gold	40,582,000
Petroleum	31,983,000
Bananas	8,679,000
Hides	3,646,000
Platinum	1,126,000

Gold production, for instance, has gone up from $7 millions to $21 millions in five years. Oil production was 6.4 million barrels in 1926; 21.6 millions in 1938.

Some 60,000 acres are cultivated to bananas, with United Fruit controlling about one fifth of that acreage.

For the further diversification of agriculture there are many things that Colombia can turn to. Range of soil and climate are almost unlimited from tropical to cool temperate as one moves up the Andes slope. The only limit, and it is of course important, is economical transportation.

Cable Transport

Incidentally, Colombia has developed a very unusual method of coping with topography. It has built long overland systems of ropeways. On steel cables strung from steel towers set on the highest eminences run little cars carrying passengers and freight over jungle and mountain peak. Much of the coffee from the interior reaches the coast via this route. But such expensive transport would not suffice for bulky products like wheat, potatoes or lumber.

Diversified Industry

Secondary industry in which an estimated 150 million pesos is now invested is very strong in cotton. The domestic crop is blended for strength with imported long staple fibres. Other factories now turn out most of the things needed locally except products like steel, motor cars, refrigerators, machinery, chemicals, etc. For the big new office building at Barranquilla occupied by the Royal Bank and several of the oil companies I was told that the only materials imported were cages for the tellers on the banking floor. Furniture, cement and all the rest were local production.

Economically Colombia is in the doldrums just now. Europe was the major market for its big agricultural exports and Europe is closed by the British blockade.

Partly because of its good neighbor policy, United States is taking some Colombian coffee on a quota basis at the going price, taking some of the surplus at another and lower price.

Gold and Oil

The future of gold production, one of the big climbers in recent years, is, of course, almost completely unpredictable, but a great deal of skilful prospecting is in progress and there are extensive known deposits of base metals that can be opened up with a suitable confluence of metal price, transportation and sales outlet factors.

Oil production has been soaring but of its future there are some doubts. Tropical Oil—tied in with Standard—began work in 1939 and built a pipe line 360 miles from Barranca Beronsiga to the coast in Cartagena Bay. Texas finished its 240 mile, $40 millions line over mountain and jungle early last year. A string of dry holes in recent drillings has been disturbing and pessimists are reminding that some geologists thought from the first that Colombian production was perhaps mainly leakage from the fabulously rich Maracaibo field across the border in Venezuela.

Foreign trade, life blood of Colombia, is under strict control. Indeed this country has been one of the pioneers in this part of the world in the type of economy so familiar to Canadians since the outbreak of the war. It has exchange control, stabilization fund, central bank and all the rest.

Neatest aspect of its economic control is this: The exchange rate given on the Colombian peso in exchange for other currencies depends on the purpose for which the foreign exchange is required.

All imports have been divided into four different categories and for each category of importance a decreasingly favorable exchange rate is imposed.

First category is raw materials for food and for the industrial development which the republic is so interested in fostering. Second is foodstuff of the kind that may not be "musts" but which are nice to have. Third are motor cars under $1,000. Fourth—at an extremely discouraging exchange rate—are luxuries — perfumes, etc.

In addition there is another 5% tax collected on all sales of U. S. dollars.

Big Export to Canada

On the basis of last available figures Canada is Colombia's third best customer, but Colombia is Canada's twenty-fifth best customer.

In the past year the Canadian Trade Commissioner here has had 180 enquiries from Colombian firms asking what kind of supply they could get from Canada. This is a brand new situation. Until recent years very few Colombian businessmen knew that Canada produced anything more than wheat and fish.

But gradually the word is spreading here that Canada is a good place to buy.

On the basis of 1938 figures — which are more indicative than a war year—here is a brief breakdown of Colombia trade.

Colombia's Main Trade
In millions of pesos
(Pesos 1.75—$1 U. S.)

	Imports from	Exports to
United States	79	76
Germany	28	21
Canada	2.7	14.
France	5	7
Holland	..	2
United Kingdom	20	..
Belgium	3	..

Because Colombia has been engaged on a broad programme of industrial development and diversification, the disruption of old sources of supply opens up interesting important possibilities for enterprise that can still get products into the country.

Chance to Oust Germany

In years preceding the war Colombia had a barter trade agreement with Germany of which the main feature was Colombia's sale of coffee to the Nazis with payment in Aski or coffee marks or in German goods.

Now there is little evidence of German sales around this city. Hundreds of cars are on the streets but I saw only one small German car, an Opel, the rest were American-Canadian types.

Busy with war orders, it may be true that few if any Canadian firms need Colombian business. But it is elementary business wisdom to start thinking now about what may follow the war and whether this expanding and very promising market for the future is, with peace, going to return to enemy hands.

Colombia and Canada are tied in trade by an old British treaty providing each with most-favored-nation advantages. Canada has made similar treaties with Brazil, Paraguay and Uruguay, but has no agreement of any kind with Chile, Ecuador, Peru, Mexico, Honduras or Nicaragua.

Lacking direct shipping connection with Colombian ports Canadian trade is at a serious disadvantage. Some heavy commodities just won't stand, economically, transshipment at the proverbially costly transshipping centre, New York, where much of this would ordinarily be done.

Canadian oil and mining interests are very influential and well known in this part of the world. For several years they have been importing a large volume of supplies such as pipe, machinery and food, from Canada. They could form the spearhead for further Canadian exports, and the same could be balanced by the already heavy export of Colombian oil products to Canada. Early in the New Year, under a new arrangement, a huge quantity of Colombian oil will be going regularly to Imperial Oil's Sarnia (Ont.) refinery.

A good deal of Canadian wheat comes to Colombia. It is actually cheaper to ship grain down from an Atlantic or Pacific port than to carry it by river boat from the wheat-growing plains of the interior to the cities along the coast. But Colombia is trying to encourage production of wheat locally and has very tough import restrictions which make it a less attractive outlet for the Canadian product than could be wished.

The Canadian Trade Commissioner, W. H. Brighton, thinks some expansion in leather sales from Canada is probable and hardware is another promising item.

Restrictions

While Canadian agricultural machinery firms are in this market, they are under one serious handicap at present. United States import-export bank loans for agricultural purposes specify that advances to farmers for the purchase of such equipment must be used for the purchase of American-built machines.

In machinery generally it appears that Canadian producers may have something to learn from rivals. According to one engineer I talked with, the Germans and British have been very ready to change machinery around to suit the individual need or whim of the prospective purchaser. This man said Canadians are much too prone to adopt a take-it-or-leave-it attitude.

"The muddy, crocodile-infested Magdalena River on which we landed has Barranquilla at its mouth. Flat-bottomed, three-decker river boats, with great revolving paddles at the stern, there start their 300-mile journey inland toward Colombia's capital, Bogota. That trip may take days or weeks."
—*Imperial Oil photo.*

Ottawa Withholds Action On Short Wave Project

From Our Own Correspondent

OTTAWA.—Despite the recommendation of the Senate Committee on war co-operation, the general demand throughout the country, and the known willingness of the Canadian Broadcasting Corporation, no steps have been taken to build a powerful short wave radio station in Canada.

The CBC is building a small short wave station in Quebec. This will be a 7½-kw. station and will be attached to the French network, to give coverage to French Canadian programmes in the more remote parts of the province.

The proposal to erect a 50-kw. station has never won the approval of the Government and no action has been taken in that regard.

The reason for this inaction is said to be that the Canadian Government does not desire to do anything which might be interpreted as propagandizing the United States. A request to this effect is said to have been made to Ottawa in the early weeks of the war by President Roosevelt and the Government has been scrupulously careful in complying with it. A power short wave station inevitably would cover a large part of the United States.

Dominion Glass Looks For Good Business

From Our Own Correspondent

MONTREAL.—Prospects for sales in the current year for Dominion Glass Co. are considered good by L. J. Belnap, president, speaking at the annual meeting of shareholders. Subject to unforeseen developments, he said, the company should experience a satisfactory volume of business in the current year which ends Sept. 30, 1941. Increased taxation will be a heavier drain on the company's resources. Higher costs for raw materials, heavier maintenance charges and some labor wage adjustments will be an offset to greater production efficiency.

EXTRA FOR CARNATION

An extra payment of $1 per share was paid by Carnation Co. on Dec. 20, 1940, to shareholders of record Dec. 14. The regular semi-annual dividend of 50 cents will be distributed Jan. 2, 1941, with both payable in U. S. funds.

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B. C. Pulp

Will you please let me have some information on the common stock of B.C. Pulp & Paper?

Operations of B.C. Pulp and Paper Co. since early summer have been at capacity. Immediate prospects are considered excellent.

This satisfactory level of activity contrasts with the unfavorable results recorded by the company generally from 1931 to 1936. During these years net profit was shown in only two years. Earnings had been insufficient to cover preferred dividends and at Nov. 1 this year arrears on the 7% preference stock, of $100 par value totalled $64.75.

It will be necessary to liquidate these arrears before any dividend payment can be made on the common stock. Total arrears on 5,562 preference shares outstanding amounted to $360,140. At the end of March this year there was a bank loan outstanding of $1,062,000. Working capital of $143,469 at the end of 1939 was well below the average of preceding years. In 1938 it totalled $525,252.

Canada Cement

We would appreciate having information on the position of Canada Cement Co. Has the company been able to improve its position during the past year?

The fiscal year of Canada Cement Co. ended Nov. 30. While no official announcement has been made during the year regarding business, the organization benefitted from increased construction activity in Canada during the year.

The company has been steadily improving its financial position in recent years and on Nov. 1 this year it redeemed all the outstanding 3½ serial bonds series "A." This issue matured serially in $750,000 installments. The company retired before maturity $2,250,000 of the bonds.

Elimination of this funded debt decreases fixed charges by a substantial amount. Before common shareholders can participate in any distribution, however, there are substantial arrears of dividends on the 6½% preference stock. At Dec. 20 these arrears totalled $34.25 a share. The company had several lean years between 1932 and 1936 in which dividend arrears accumulated. In the past three years, however, a marked pick-up has been experienced. In 1939 net profit was equivalent to $7.35 on the preference stock, against $5.60 in 1938. Earnings in the current year will probably improve over last.

"Excess" Profits

In connection with the "excess" profits tax, when does the ruling apply whereby a company is allowed earnings equal to 5% of capital before being subject to the tax? How is "capital" determined?

The 5% return on capital comes into the "excess" profits tax under the provision for "depressed" industries. The Board of Referees, on appeal, can permit companies which feel their earnings during the base period of 1936 to 1939 is not a fair measure of their earnings, from 5% to 10% return on productive capital invested as a standard profit from which to measure the "excess." This tax only applies to companies having more than $5,000 in taxable income.

Where a company thinks it has a case to present to the Board of Referees it must prepare complete supporting information on forms supplied by the income tax department. A request to the nearest inspector of incomes tax would give you copies of these forms and instructions as to how to use them. We would suggest you get a copy of the "excess" profits tax explanatory brochure issued by the Department of National Revenue.

To determine capital invested, cost in money is the only test of value. Accounts receivable, less any reserve set up for bad debts, is included in capital employed. Cash on hand or on deposit is capital employed. Deductions from capital are such things as depreciation and depletion reserves actually deducted from profits in taxable years; borrowed money; investments the income from which is exempt or would be exempt from tax such as dividends from one Canadian company to another; and the value of any unproductive assets.

Abitibi Common

What will happen to the common shareholders of Abitibi Power & Paper Co.?

Until some better idea is had of the outcome of the differing attempts to reorganize Abitibi it is not very easy to suggest what may be in store for common shareholders. At the best, it seems quite clear they will have to accept only a small share in any equity that may exist. A writing down of common shares seems in prospect. You must remember that ranking ahead of your common shares are $48.3 millions of bonds on which interest arrears amount to over $20 millions, as well as two issues of preferred shares.

Distillers-Seagram

As a subscriber to The Financial Post I would appreciate having your views on the stock of Distillers-Seagram and outlook for the company.

In the year ended July 31 Distillers Corp.-Seagrams Ltd. experienced record sales of $103.2 millions. In terms of United States currency consolidated net profits for the year amounted to $9.7 millions. This was equivalent to earnings on the common stock of $5.08, against $3.29 in the 1939 fiscal year. Common dividends are being paid at the rate of $2.22 a share in Canadian funds.

At the annual meeting Samuel Bronfman, president, told shareholders that current sales were satisfactory and the company is recovering from an oversold and unsettled condition existing in the first quarter of the current fiscal year. This condition resulted from exceptionally heavy buying in the last quarter of the company's fiscal year in anticipation of increased taxes which became effective July 1.

Sales in the first quarter of the current year declined as a result of this unusual volume of sales in the latter part of the past year. The company is in an excellent competitive position in United States.

Massey-Harris Bonds

I am interested in the current position of Massey-Harris Co. as affecting the bonds. How has the war touched the company?

Massey-Harris Co. reported a 6% increase in sales for the six months ended May 31, 1940. Final results for the full year ended Nov. 30, last, are not yet available. Increased sales of farm implements in the United Kingdom and Canada tended to offset loss of certain other markets. Taxes have been higher. The company is working on some war orders but how much these will contribute to earnings in the year just closed is not known.

Massey-Harris normally does about one third of its business in Canada, another third in the United States and the balance in various export markets. Wartime conditions have interfered with exports to some countries, while outlook for agricultural prosperity in Canada is not at all clear in spite of heavy crops this year. Interest on the bonds was earned 3.33 times after depreciation last year. The company was able to maintain full interest requirements on its former bond issues throughout the worst of the depression.

B. C. Packers

I am interested in common stock of B. C. Packers. Can you give general information about the company?

B. C. Packers is Canada's leading packer of fish products, operating on the British Columbia coast. Net sales for the year ended April 30, 1940, amounted to $6.2 millions, an increase over the $6.1 millions shown for the 16-months period ended April 30, 1939. Ratio of net profits to net sales was 6.31% in the latest period, against 2.16% for the previous fiscal year. The company earned $2.87 a share on its common, although no dividends have been paid.

Outlook for the current year is difficult to forecast since a great part of the company's former world markets have been cut off by the war, tariffs and import restrictions. Competition from cheaper salmon packed by the Japanese has been an increasingly serious competitive factor.

Algoma Steel Bonds

What bond indebtedness has Algoma Steel Corp.? By what margin has it been earning interest, and is there a special conversion feature for the bonds?

Algoma Steel Corp. has $2.5 millions of its first mortgage bonds outstanding at present, a reduction of about $500,000 from the original issued amount. In the year ended April 30, 1940, the company earned interest on these bonds 8.86 times after allowing for depreciation. In view of the accelerated demand for steel products this year, it is expected operations will be near capacity. Earnings, however, may be hit by the much heavier taxes. Even so, it is expected bond interest will be covered by a wide margin.

The present bond issue is moderate in view of the size of operations. It has a conversion feature, whereby the 5% bonds may be converted into common stock up to Nov. 1, 1943. This gives some measure of protection in case of inflationary effect.

Vancouver Bonds

I hear there is some talk of Vancouver defaulting on debenture payment. What do you think of this?

It is true the financial position of Vancouver has been the subject of considerable discussion of late.

The city has been seeking wider tax authority from the provincial government in order to better its financial position. Assessment has been declining, costs of operating the city have been increasing, while the population also has been growing. It is probable, however, that the fear-of-default campaign has been overemphasized in order to attract the attention and assistance of the province. While the city's financial position has certain disturbing factors, it does not appear to be anywhere as serious as was that of Montreal when it defaulted last spring.

Vancouver has been steadily improving its current position in recent years. Last year a surplus on current account of $39,056 was reported, compared with a deficit of $344,899 in 1938, deficit of $922,875 in 1937 and deficit of $1,171,901 in 1936. Furthermore, it reduced its debenture debts about $6 millions during the period 1934-39. During 1938 and 1939, bank loans were cut by $1.4 million. Net debenture debt at the end of last year was down to $35.4 millions.

Most disturbing feature about the Vancouver situation is the arrears in the sinking fund of about $15 millions. Partially offsetting this, however, is the fact that unlike most other Candian cities, Vancouver during the past six years has been following the policy of meeting relief from current account and thus not increasing its debenture debt. Had relief been capitalized, it would have provided about another $4.6 millions for the sinking fund. The shortage in the sinking fund, however, should not immediately threaten the city's ability to meet maturities, as a balance of $6 millions would still remain in the fund, after meeting all maturities for the year 1940-44.

There would appear, therefore, to be no very urgent need of defaulting in the near future. Provided the city maintains its "will-to-pay," obligations should be met. Slashing of interest also has been suggested, and the possibility of this occurring should not be overlooked. The election of a new mayor for 1941, who is an advocate of more business-like municipal management, increases the confidence of investors, however, that the city will make more determined efforts to meet its obligations.

Apartment Investments

What is the current market on 7% debentures of Apartment Investments, Ltd? Interest has stopped and I am wondering what the prospects are for a resumption of payments.

There is no market at present on the 7% second mortgage debentures of Apartment Investments, Ltd., Toronto. This is not to say they necessarily are worthless, as according to R. H. Pringle & Co., who act as agents for the company, part of the interest on the 7% second mortgage debentures is still being earned. Full interest on the first mortgage bonds is being earned and any excess of this is being used to retire principal which totalled $95,141 at Nov. 1, 1940. The company plans to resume interest payments on the second mortgage debentures after the first mortgage issue has been retired, or at such time as any new financing can be arranged, if and when it can be arranged.

The company does not make financial statement available publicly, so it is difficult to analyze what might be expected in the future. No interest has been paid on the second mortgage debentures since Aug. 1, 1939. Outlook for real estate in Toronto has improved a little of late and this is reflected in the position of Apartment Investments which reports its apartments 98% rented as of Nov. 1, 1940.

EXPERIENCE COUNTS

THE successful management of securities and real estate is a full-time job . . . and one that requires expert knowledge and complete facilities.

Our Management Service provides for your investments the supervision of men who devote their whole time to such matters . . . and who are trained and experienced. You may authorize us to assume as much responsibility as you wish . . . to take over the entire management of your property . . . or to act only on your instructions . . . or in the case of urgent necessity. Our officers will be glad to give you more information about Management Service.

THE ROYAL TRUST COMPANY

Bonds Seen Holding Steady in 1941

Change in Interest Rates, Prices Deemed Very Unlikely by Expert

Interest rates, and therefore prices for high-grade bonds, are unlikely to change materially in 1941, in opinion of one of Toronto's leading investment analysts. This view was given privately in Toronto recently.

In appraising the outlook for corporation bonds, this man splits them into three major divisions. For the high-grade corporation bonds, such as those of Bell Telephone and Montreal Light, Heat & Power, the current difference in yields between these and Dominion bonds, amounting to between ¼ and ½ of 1%, is not likely to change materially.

Coming to those corporation bonds ordinarily classed as second grade, with a return of from 1% to 2% higher than Dominion issues, fluctuation of earnings is the determining factor. This man feels that "they should not only hold their present position in relation to Government bonds, but with the increase in industrial activity should in many cases reduce the spread."

For the purely speculative type of bonds, action in 1941 will vary with the industry they represent and relative position of the company within that industry. This type of security, he feels, should become increasingly popular with the speculators if they sell at sufficient discount below par, owing to the fact that they are not directly affected by the "excess" profits tax. These bonds should move uyward, he maintains, ahead of equities in a favorable market.

Based on Government Policy

The line of reasoning followed is based largely on what has happened in 1940 and the clues which this gives to Government policy with regard to finance. There are always two sides to the bond market, the demand and the supply. On the supply side this man sees chiefly Government bonds being made available. He thinks that Canada will have to borrow $1,000 millions for the fiscal year 1941-42.

This is a huge sum, he admits, but the actions of the Department of Finance to date indicate confidence that this borrowing will be successful and at rates not much different from what now prevail. This latter, of course, is premised on the assumption that the war will continue and be successfully waged throughout the year.

Resources Not Strained

Coming to the question of the likelihood of Canadian resources meeting the demands to be made upon them, he mentions the $110 millions reductions in deposits with chartered banks at the end of October. But he feels that this is largely due to the delivery of Canada's second war loan bonds which involved nearly $300 millions in cash subscriptions.

The chartered banks are not being pressed to maintain the bond market, he feels, pointing to the drop of $142 millions in security holdings of all chartered banks. Relative to the Bank of Canada, he finds that security holdings with this organization were $332 millions higher at Oct. 31 this year than a year ago. Of this increase, about $250 millions can be attributed to the exchange of the Bank of Canada's gold reserves for Dominion of Canada securities, leaving a balance of $82 millions of actual increase over and above this gold transfer.

Rising commercial loans and new peaks reached by Canadian industrial activity are thought to mean that increased earnings should be available for investment when the next issue of war bonds is offered in the summer of 1941.

Bond Market Strong

Technical position of the Canadian bond market itself is strong, he says. It has recovered 65% of the depreciation it suffered at the outbreak of war while the operations of the Bank of Canada are the greatest single factor in our bond market today. Operations of the Foreign Exchange Control Board have played a part in the strength of the capital markets.

While the supply of investment funds should be augmented by the increase in employment of higher war scales, some form of savings, either voluntary or compulsory, will have to be instituted to direct these increased savings into war purposes.

May Expand Credit

This man sees the possibility that the monetary policy of the Government can carry out a carefully controlled credit expansion programme to make available investment funds. So far this expansion has not been important but, he continued, "let us not lose sight of the fact, however, that as our financial problems become more burdensome extra measures of this kind may be expected to augment revenues over and above taxation and borrowing."

Competition from common stocks for available investment funds will continue but "the supply of funds withdrawn from the high-grade bond market to purchase common stocks should not in 1941 prove any barrier to successful Government financing."

Provincial Needs Moderate

Looking to other possible sources of demand for funds, this man finds them not likely to be too great a problem. Provincial financing will have to be provided from time to time but "the amount does not appear to be too great a problem."

Another factor in the bond market for 1941 is the possibility that the Sirois Report recommendations may be implemented. This man feels that the measures which this Report recommend are desirable and realizes that bond markets have already responded to the outlook. He concludes, however:

"Some measure of central control of provincial finances is clearly indicated to keep our country solvent. We may expect, however, some difficulties, and it will be fortunate indeed if the Sirois Report is implemented in full in the year 1941, and the final effect on the high-grade bond market may, therefore, not be fully felt during the coming year."

Industrial Borrowing

Borrowing by industrial companies is not likely to be great, he feels. Those in war activities will likely continue to receive Government financial aid for plant additions and construction. Moreover a borrower in the capital market must apply to Ottawa and "no doubt permission to offer public securities will only be given to those industries which are considered essential in our war effort."

Turning next to the repatriation of debts held abroad, a further demand for investment funds will come from this source. But there will be no indiscriminate repatriation of debts. The operations in 1940 were carried out successfully and he sees no likelihood that 1941 operations will not be equally successful and well controlled.

Loans in U. S.

No move, he says, has yet been made by Canada to obtain a loan in the United States nor do we appear to need immediately outside loans.

"The effect of loans from the United States on our bond market, however, is quite a debatable point. Canada has shown she intends to prosecute the war to the limit of her ability, and a credit from the United States would mean that we could extend our activities to a greater degree, but would not mean less public borrowing at home or any lessening of the burden on our high-grade bond market."

Thus, he sums up the outlook as indicating no rise in interest rates for 1941. He admits disturbing war news may cause temporary decline but the determination of the Government to adhere to an easy money policy would indicate the sell-off to be only of a temporary nature. He expects that Canadians will oversubscribe the war loan of next summer even at prevailing rates.

"Our Government at Ottawa seems definitely committed to a 'pay-as-you-go' policy for as long as it is humanly possible," he concludes, "and until our economy is upset by rising price levels, interest rates should remain low. It is my opinion that we will finance our war effort at the present low rates for the coming year. This opinion is based on the fact that the primary objective of our Government is to promote an adequate and properly directed volume of consumer savings."

Steel of Canada Pays 'Arrears'

Sales in 1940 of Record Proportions, President McMaster Reports

From Our Own Correspondent

MONTREAL.—Directors of Steel Co. of Canada have declared the usual dividend on the preference and ordinary shares, and an additional dividend of $2 on the ordinary shares, payable Feb. 1 to shareholders of record Jan. 7. The extra of $2 equalizes the dividends heretofore paid on the ordinary and preference shares of the company. With this payment the ordinary shares will have received the same dividend per share as the preference shares since the inception of the company.

Sales for the current year, according to Ross H. McMaster, president, have greatly exceeded in tonnage and dollar value those of any previous year in the company's history. The maintenance of unchanged prices, in spite of important additions to costs, has been a helpful influence in retarding inflationary tendencies. The company's contribution to Canada's war effort, he says, is of important and growing proportions.

Add to Capacity

Ingot production has been increased beyond the average of Canadian steel industry as the result of important expenditures on new plants made in recent years.

When the new plate mill comes into operation next March, additions to plant authorized since commencement of the war will have reached a total of $8 millions, making such expenditures over the past five years an aggregate of $15 millions. More outstanding, continues Mr. McMaster, has been the ability of the numerous plants of the company to finish the additional steel into marketable form.

The additional profits which might ordinarily be expected from increased production have been offset, says Mr. McMaster, by increases in costs due to war imposts and advances in numerous cost factors, coupled with the maintenance in general of pre-war prices. Profits and taxes will be heavy but under a war economy that is not unsuitable, he said, when the demand for steel in all forms is so insatiable.

More for Employees

Subject to confirmation by the shareholders, the directors have authorized out of profits of the year. payment of $300,000 to the trustees of the pension trust fund of the company.

Continuing the policy adopted a year ago, because of exceedingly high rate of operations, the directors authorized distribution to each employee on the payroll at Dec. 31, who has been continuously in the service of the company since July 1, 1940, of an amount equal to 1½ weeks pay, with proportionate payments to those engaged during the half year. This extra payment will be made the second payday in January and, combined with the extra distribution on the same rate basis in July, will make the total for 1940 equal to three weeks pay.

Loew's London Revenues Up

New Industries in London Promise Further Increase

Theatre revenue of Loew's London Theatres, Ltd., since the beginning of the current fiscal year which ends Aug. 28, 1941, has shown an increase of $4,000-$5,000 over the corresponding 13-week period of last year, Morley Aylsworth, president, told shareholders at the annual meeting. The company reported ticket receipts of $158,792 in the 52 weeks ended Aug. 29, 1940.

Optimism was expressed by the president when reviewing the outlook, due particularly to the establishment of new industries in London where the company operates.

CITIES RISE

on Savings

Savings of thrifty people like you and your neighbor built the city in which you live . . . its homes, its factories, its great buildings. Since 1855, the Canada Permanent has been helping people to save, and has been providing the funds which make construction possible. Firm faith in Canada, coupled with sound judgment, still governs the policy of the Canada Permanent. It is ready to serve YOU.

CANADA PERMANENT Mortgage Corporation
Head Office, 320 Bay St., Toronto

THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED
5-YEAR DEBENTURES ISSUED
Deposits and Debentures (31 Dec., 1939), $11,793,464
Capital (Fully Paid), $2,000,000
Reserve Fund, $2,400,000

IT'S A FACT

That many successful business men overlook the appointing of a permanent and efficient executor of their estate, causing financial worries to their dependents.

Make your family secure from such worries by interviewing one of our trust officers. There is no obligation.

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O'KEEFE'S BEVERAGES LIMITED

GEARING CANADA'S INDUSTRIES TO CANADA'S UNITED WAR EFFORT

We Canadians a small population in a large Country wealthy with natural resources, will produce an enormous share of the war's necessities. It is right that we should do so, and inevitable that we must do so. The circulation of hundreds of millions of dollars through war orders distributed as widely as possible among the industries of Canada will effect tremendous activities in business.

Many small firms, travelling along with a steady output and gradual normal growth, have suddenly been confronted with urgent orders beyond their usual capacity. Expansion of manufacturing facilities becomes instantly imperative. Materials in greater than normal variety and volume have to be procured immediately. Credit is required far in excess of usual business requirements.

Imperial Bank of Canada will gladly do its part in Canada's war effort by financing war industries and business generally of every useful and productive kind. Funds are available. Consult our nearest manager.

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Head Office: TORONTO
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A. E. Phipps, President H. T. Jaffray, General Manager.

SOMEBODY SAID
it couldn't be done!
"DOFASCO" BLUE PLATE latest addition to the DFS Steel line is a cold rolled product (used for stove pipe, etc.). This process gives surface finish, accuracy of gauge and uniformity of temper unequalled by any other method.
IN pursuit of this man's life-long dream, obstacles were merely things to be overcome. Many wise people must have told Frobisher the folly of his plans, yet his initiative brought power to his country.
Back of every great advance there has to be a dream. We seek new ways of making work for willing hands, to build a greater Canada. That idea has brought into being "Dofasco" Steel Plate, "Dofascolite" Tin Plate, Blue Plate, Black Plate, and other DFS steel products.
Sixteen hundred D
well as thousands
have reason to the
demand 100% Ca
their purchases of
CANADIAN CANADA
DOMINION FOUNDRIES & STEE
HAMILTON - CANADA
STEEL PLATE BLUE PLATE STEEL
"DOFASCOLITE" TIN PLATE
You too can SERVE— by SAVING!
BUY WAR SAVINGS CERTIFICATES
Building a Great Industry
...100% CANADIAN
STEEL is the backbone of modern civilization and no country can progress far without a healthy steel industry. Canadian steel plants, through the support of users of steel in Canada, are building up an asset of incalculable value to this country.
For example—from a small beginning twenty-three years ago the DFS steel mills have developed until now over 1,000
Canadians are steadily employed. Even now, further plant extensions are in progress to meet the insistent demand for DFS Tin Plate.
Canada needs strong basic industries like Steel to lift the burden of unemployment and relief. You do your part to build a greater nation when you demand the products of Canadian industry.
DOMINION FOUNDRIES & STEEL LIMITED
HAMILTON CANADA
STEEL PLATE TIN PLATE STEEL CASTINGS
"DOFASCO" STEEL PRODUCTS
"DOFASCO" STEEL IS READY!
EVERY DFS EMPLOYEE WILL GIVE HIS BEST
For years DFS has been steadily building and equipping to produce more of Canada's Steel requirements. By specifying Canadian Steel for all their needs, many Canadian purchasers have made this preparation possible.
DOMINION FOUNDRIES & STEEL LIMITED
HAMILTON - CANADA
"DOFASCO" STEEL PRODUCTS
STEEL PLATE STEEL CASTINGS
"DOFASCOLITE" TIN PLATE BLUE PLATE TIN MILL BLACK
AIMING HIGH..
NOT TO BE THE BIGGEST STEEL PLANT IN CANADA
NOT TO TAKE BUSINESS FROM OTHER CANADIAN COMPANIES
But
FIVE GOOD REASONS WHY WE SAY WE ARE AIMING HIGH
FIRST
SECOND
THIRD
FOURTH
FIFTH
DOMINION FOUNDRIES & STEEL LIMITED
"DOFASCOLITE" TIN PLATE ★ DOFASCO STEEL PRODUCTS STEEL PLATE • STEEL CASTINGS ★ CANADA PLATE TIN MILL BLACK
HAMILTON, CANADA
CREATING A New STANDARD OF CANADIAN QUALITY
IT WAS DONE BEFORE..
..IT WILL BE DONE AGAIN
ONCE MORE THE BRITISH RACE FACES A WAR-MAD WORLD AND CALLS FOR EVERY VALIANT HEART. VICTORY IS CERTAIN, IF WE ALL WILL DO OUR PART
WE OF DOFASCO ARE DOING OUR UTMOST TO MAKE MORE STEEL WHICH CANADA AND THE EMPIRE NEED.
Encourage your employees to buy WAR SAVINGS CERTIFICATES
DOMINION FOUNDRIES & STEEL LIMITED
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STEEL PLATE STEEL CASTINGS DOFASCO STEEL PRODUCTS DOFASCOLITE TIN PLATE BLUE PLATE TIN MILL BLACK
Customers can rest assured that, regardless of the present rush demands, nothing will be allowed to interfere with the high quality of "DOFASCO" Steel Products.
STEEL PLATE
STEEL CASTINGS
"DOFASCOLITE"
TIN PLATE
BLUE PLATE
TIN MILL BLACK
STEEL AND COURAGE WIN WARS
Once more the world knows there is strength and courage sufficient to cope with the most ruthless law-breakers.
Now every industrial worker and farmer is a soldier. Every dollar is a bullet . . . every plant a battleship . . . every farm a pillbox. It is "full steam ahead" for Canadian Steel to help speed the return of peace and progress.
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What's Ahead of Stocks p. 4— Bonds p. 9— Mines p. 18

THE FINANCIAL POST

Largest Circulation of All Canadian Financial Papers

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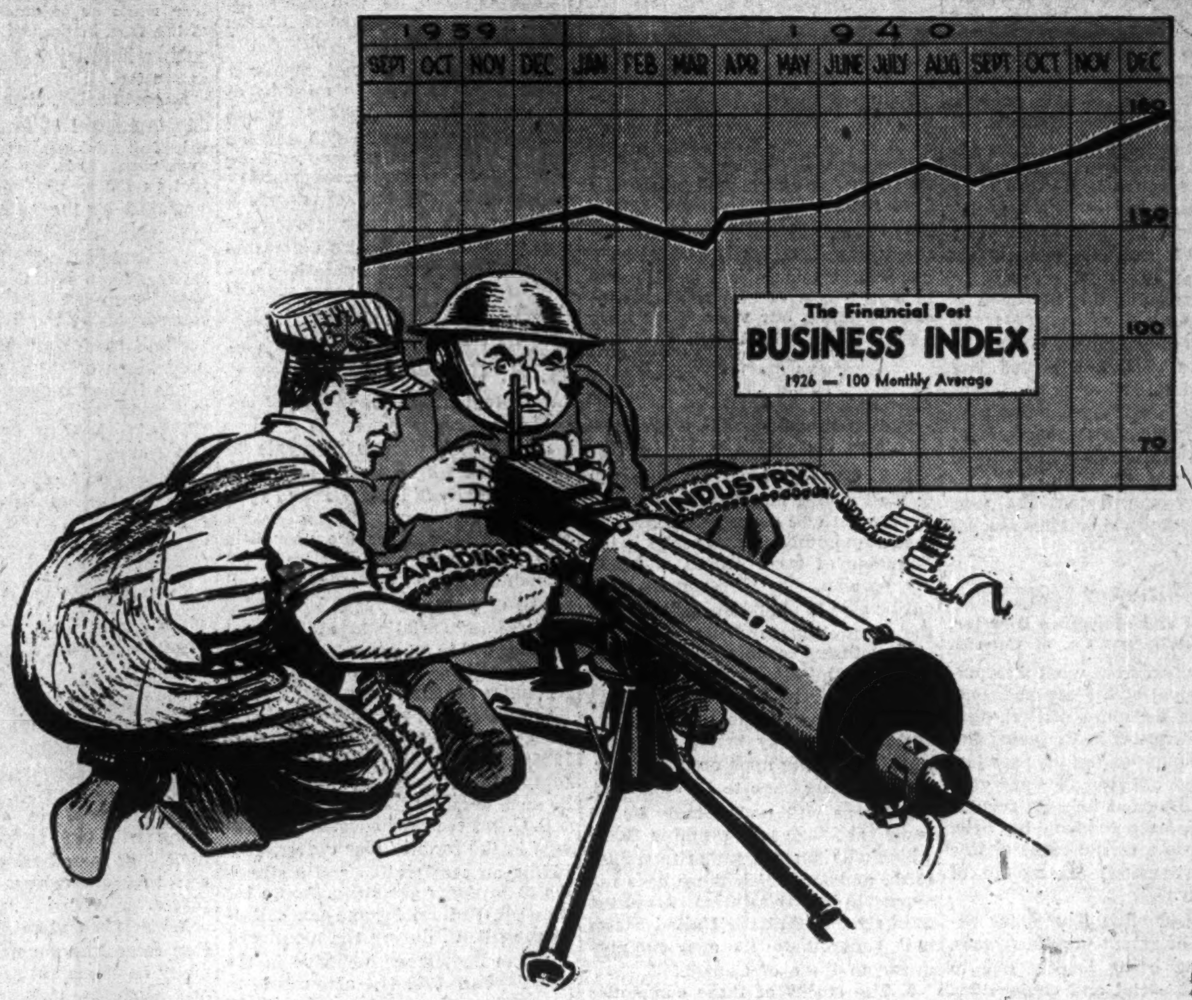
What Business Leaders Forecast For 1941

A year of peak production of war materials, of increasingly severe taxation, of restrictions and problems of supply. That, in brief, is the outlook for 1941 as Canada's business, industrial and financial leaders see it.

Industries engaged directly in the Empire's war effort, plants making munitions, mechanized equipment, airplanes, ships, uniforms and similar equipment, are expected to expand production to utmost capacity. Of only slightly less importance will be the indirect war industries, those like newsprint and gold, which, through heavy exports to the United States, maintain our vitally important war credit in that quarter.

These direct and indirect war industries will have the right of way in 1941. Their needs will come first in labor, raw materials, power and transportation. If there is not enough steel or power for both war equipment and ordinary civilian goods, then ordinary civilian goods and the buying of those goods will be restricted. We have had a taste of such restriction in 1940. Businessmen look for more of it in 1941.

We have also had a taste of international restriction, with export markets for food and other products greatly restricted. Major Canadian industries have been affected by this throttling of world trade and further adjustment to these conditions is anticipated in 1941.



Canadian business level soars as industry concentrates on production of war supplies for Empire's fighting forces.

Sir Edward Beatty, G.B.E.

Chairman and President, Canadian Pacific Railway Co.

On the one hand the rapid rise in industrial production, already reaching its highest point in history, has resulted in heavy increases in nearly all classes of traffic. On the other hand the bumper wheat crop harvested last fall, which would ordinarily have moved quickly to overseas markets, has been stored largely on farms and at inland elevators, with a corresponding reduction in railway revenues.

The net result, however, has been favorable. To the end of November the Canadian Pacific has recorded gross earnings 12.4% ahead of those for the first 11 months of a year ago. With an increase in other income resulting mainly from intensive employment of its ocean fleet, the company is looking forward to a net income of approximately $20 millions or about twice as large as that of 1939.

While prospects for 1941 depend almost entirely on war developments, there is good reason to expect a moderate increase in railway traffic. Industrial output will continue to expand and it is possible also that some change in the wheat situation will later permit movement of the grain now in store. It is certain in any event that the wartime programme which Canada has undertaken will be steadily and greatly increased and that the Canadian Pacific will continue its vital role in the prosecution of this greater effort.

* * *

James Wilson

President, Shawinigan Water & Power Co.

The Quebec electrical utility industry is well prepared to meet the large demands that may arise during 1941 for additional power for war purposes. With much new generating capacity coming into production, with the curtailing of the use of electrical energy for steam-raising in the electro-chemical industry and in the pulp and paper plants, and with other savings as, for instance, the continuation of daylight saving throughout the winter months, the total power available for industrial purposes in Quebec will be increased by nearly 550,000 h.p.. When the war is won by Britain, as it most assuredly will be, it will be found that not the least important contributory factor, so far as Canada is concerned, has been the part played by the electrical utility industry of Quebec.

* * *

Jackson Dodds

General Manager, Bank of Montreal.

An overriding factor governing our economic life at this time is the mobilization and the progressive utilization of every asset the country possesses for the most intensive prosecution of the war of which Canada is capable. Great as have been our achievements toward this end in the past year, the production of war supplies will be immensely greater in the year that lies before us.

Utilization of experience in the last war has so far enabled us to avoid the inflation of costs of material, wages and the cost of living—the "vicious spiral" which had such unfortunate effects during that great struggle, and even more unfortunate effects after peace came. The danger is still with us, however, and can only be avoided by determined and united effort.

In the matter of loans to business, the rise of industrial activity has stimulated new demands for credit which the banks have welcomed. In this connection, however, precautions against inflation require that a special consideration should be observed. While the banks are always prepared to finance sound transactions, and additionally at the present time desire to accommodate special needs arising out of the war, the financing of abnormal inventories carried for purely speculative purposes in the expectation of rising prices would be against the interests of the public, the banks and their customers.

So far there has been little evidence of such speculation but the danger is inherent in the intense activity which lies ahead and must be carefully guarded against. From the standpoint of the individual business, it will also become increasingly necessary to guard against the building up of inventories out of profits which may shortly be required for the payment of taxes.

* * *

D. C. Durland

President, Canadian General Electric Co.

The 191 Canadian electrical manufacturers employ over 25,000 people, have a capitaliaztion of over $97 millions and an annual production of more than $100 millions. It is estimated that the value of electrical products manufactured in Canada has increased about fourfold since the last war. As this Second Great War progresses, electrical manufacturers throughout Canada will continue to utilize their facilities of research, engineering, modern plant equipment, trained personnel and years of experience to assist in hastening the ultimate victory of the British forces.

* * *

E. C. Grimley

President, RCA Victor Co. Ltd.

Like aviation and transportation, war has harnessed radio for many of its purposes. All ships at sea, aircraft, tanks and mobile armies depend upon radio communication for their contact and guidance. Radio broadcasting to the public takes on greater significance. The by-products of radio, electronics and sound have important uses throughout the various branches of the war services. The demand for these specialized types of radio equipment by the Government has been multiplied many times since the declaration of war. Orders for this equipment have the right-of-way in the radio factories, and the needs of the Government will be greater as the war continues.

The factories of the radio industry are also taking on in increasing volume the manufacture of aircraft parts, tank parts and many other war materials. Thus, manufacturing facilities for regular products and particularly broadcast receivers (home sets) will be considerably curtailed in the year ahead.

The recent Government order freezing of models might be somewhat of a deterrent and the new budget excise tax should ordinarily slow up purchasing of the home sets. But diminished facilities to produce, accompanied by the more ample pay envelopes from war industries, would lead one to predict that the radio industry should sell all of the products it can turn out in 1941.

* * *

R. A. Brown, Sr.

President, Brown Oil Corp.

After four years the oil industry of Alberta is now able to supply the western Canadian market of approximately 25,000 barrels per day. At the present time sufficient drilling is being done to maintain this rate of production and Turner Valley should be capable of supplying the Prairie markets for some considerable time.

The real need of the industry today is a new oilfield. Much progress has been made in exploratory work in recent years. During 1940 a new field of low gravity oil waas brought into production at Vermilion, Alberta. It is imperative that new production be discovered.

The oil industry of Alberta, although having made remarkable progress requires greater assistance from both the Dominion and Provincial Governments until it is firmly established.

The war has indicated the great need of utilizing Canada's natural resources. Oil is new wealth and it improves our trade balance and exchange. After the war a strong oil industry will contribute immeasurably to the progress of the Dominion in a manner similar to its great contribution to the development of the United States.

* * *

G. Harrison Smith

President, Imperial Oil Ltd.

The Canadian petroleum industry will be very busy in 1941 but its earnings will reflect the heavy taxation required by our participation in the war.

An increased Canadian output of petroleum products is indicated. It will result from greater industrial activity and from measures that have been taken by the Government and by the industry to reduce foreign exchange requirements by substituting domestic products for imported products.

The Canadian refining industry is well equipped both in the capacity and modernness of its plants and in the calibre of its personnel to supply all needs economically and efficiently.

Domestic production of crude petroleum will, it is hoped, be adequate to meet the requirements of the markets that are economically accessible to our producing fields; but it is not possible to predict how large those markets may be because so much depends upon prairie crop conditions. However, a more extensive drilling programme is projected in the Turner Valley and if completions are as successful as those of recent months the Valley will next year probably be able to supply a volume which it could not supply in 1940. There is, of course, the continued hope that new production will result from some of the interesting tests now in progress.

* * *

Col. Henry Cockshutt

Chairman, Cockshutt Plow Co.

The outlook for business for the coming year is rather obscure. We must consider war conditions, securing of material, manufacturing conditions including labor, and deliveries on time.

Mechanical farming has now definitely taken a strong hold upon our customers, consequently the farmer has to face rather heavy expenditures on modern equipment. Planning and budgeting is necessary, and a programme should be prepared in advance, as mechanical power machinery will greatly lessen the cost of production. Taking these facts into consideration I would say on the whole the farmer's income should be increased.

We look with confidence for increased business. Already we are receiving from abroad orders that formerly went to Germany.

We have every confidence we will win the war, and march on to greater and better accomplishments.

Canada's industrial position is assured, and we look to the future with confidence.

* * *

Robert C. Stanley

Chairman and President of International Nickel Co., Ltd.

The new year will bring many problems to industry in general. The Canadian nickel industry's first duty is to continue to serve the needs of His Majesty's Governments in Canada and Great Britain during the present emergency. The requirements of peacetime industry will be supplied from surplus production, thus anticipating a future in which the industrial application of nickel can be further extended.

The nickel industry continued its well established policy of research and technical sales development during the past year. As in the last World War, discoveries resulting from technical experiments connected with the speeding up of war industries will prove valuable in the post-war periods.

In keeping with our company's desire to do all in its power to assist in meeting wartime requirements, we renewed for another year our agreement with the British Ministry of Supply to deliver to the British Government approximately 80% of our output of electrolytic copper. The metal is being delivered f.a.s. Canadian port, and the price is substantially below prevailing world prices. All of the balance of our copper output is being consumed in Canada.

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Arthur B. Wood

President and Managing Director, Sun Life Assurance Co.

The role of life insurance will take on increasing significance during 1941. Never before has it been so necessary to save, not only for future security but also for immediate national needs arising out of wartime conditions. If we set any value on the traditions of freedom, and the individual right to happiness, we must work harder and conserve our resources so that the fighting strength of the Dominion can be maintained to the utmost.

Already, the life insurance companies of Canada have made a substantial contribution to the war-chest. This was made possible because three and a half million thrifty men and women of this country had the foresight to co-operate for future security by pooling their savings in the form of life insurance premiums. Undoubtedly, the war will make each one of us place a higher value than ever on security. The country's call to save and to sacrifice many of the luxuries and comforts which we have enjoyed so freely in the past, will direct more and more attention toward the essential service of life insurance.

The war compels thrift and sacrifice. During 1941, the policyholders of Canada will not only hold fast to their life insurance but their numbers are likely to increase as the need of self-denial for the sake of security becomes more and more apparent.

* * *

H. J. Carmichael

Vice-President and General Manager, General Motors of Canada Ltd.

In forecasting 1941 business, one must keep ever in mind that the first duty of industry is to meet the war requirements of not only Canada but of the British Empire. To do this, however, employment must be stepped up and the resulting improved economic situation of practically all classes of labor enhances the buying of consumer goods. Combined with war orders, this increased demand will bring industrial production to an all-time high, considerably exceeding previous records. War restrictions, while an unknown quantity, tend to exclude imports, which, of course, further helps the domestic situation.

The automotive industry will concentrate on war vehicles which will absorb by far the greater part of capacity. Regular production will be taxed to the limit to supply the transportation requirements of Canada's expanding industrial life. We in the plants of General Motors in Canada now number 10,400. War expansion anticipated in the next 12 months will add, if our present plans go through, between three and four thousand employees.

We believe that Canadian industry can and will so gear itself to meet our Empire's war demands that those in responsible government positions will be convinced that too much dislocation of industry is neither necessary nor desirable.

* * *

Robert Rae

General Manager, The Dominion Bank.

The major problems confronting the banks at the present time are largely—the substantially increased demands for commercial loans to finance production under war contracts; financing the grain crop; co-operation with the Foreign Exchange Control Board in the restrictive measures that have been taken to protect the value of our dollar and the responsibilities imposed upon the banks in guiding their clients according to the regulations of the Foreign Exchange Control Board in respect to export trade.

While the Government's huge programme of spending for war materials continues, industry will require still further financing from the banks—this they are equipped and prepared to handle.

Owing to the large crop in 1940, the grain loans of all banks are in substantially higher figures than has been the case in recent years. The storage of the 1941 crop constitutes a serious situation which has yet to be solved.

The operations of the Foreign Exchange Control Board have been conducted in a very efficient manner, with the fullest co-operation of the Bank of Canada and the chartered banks. Our experience with the board in the many difficult problems which have arisen from time to time has been most satisfactory. Had foreign exchange not been controlled, fluctuations in the value of our Canadian dollar would have been very wide and irregular, imposing great difficulties on industry in establishing basic cost and selling prices.

* * *

Geo. S. Mathieson

President, Winnipeg Grain Exchange.

The agricultural industry of western Canada is facing an unprecedented situation but the closest co-operation is in effect between the Government, the Canadian Wheat Board, the farmers' organizations and the grain trade.

No permanent solution is possible at the moment in view of the widely divergent contingencies which might occur in the not far distant future. Events during the past year have been so shattering in their effect on international economy that no hard and fast programme can be outlined.

The importance of maintaining large wheat reserves in Canada against Empire requirements and the tremendous demand for foodstuffs that is forecast when Europe is freed from Nazi domination is fully realized. Further additions to the already enormous amount of storage facilities can be looked for, even though of a less permanent nature than usual.

While, therefore, the shrinkage of foreign markets and uncertain conditions generally make for restricted business, the grain trade, including farmers, elevator owners, millers, processors and exporters are accommodating themselves to these abnormal conditions with ready adaptability, and look to the future with confidence.

* * *

V. M. Drury

President, Canadian Car & Foundry Co.

The calendar year of 1941 will bring an ever increasing volume of business to Canada. Products of our farms, mines, forests, shipyards and factories, will surely be in demand to the limit of our capacity, and the demands from overseas will curtail domestic consumption.

An increase in the volume of trade means a rise in traffic, both passenger and freight, throughout Canada, with corresponding expansion in revenue to the railways and depreciation of the rolling stock; replacements of which should be above a normal rate.

The creation of new industries for Canada is an inevitable outcome of the present war, and a transmigration of industry will be followed by a large influx of British peoples who will be anxious to enjoy the security of person and property which the North American Continent provides. We may, therefore, expect that the increased production, brought about by the war, will be substantially maintained thereafter.

The large and ever increasing use of aircraft will revolutionize that industry, and will bring about amazing advances in the art of flying. As a reservoir for aircraft and pilots for the British Empire, and as a constituent part of the air-highway around the World, Canada's place, in the centre of the Empire, is an enviable one.

* * *

Dr. T. H. Hogg

Chairman and Chief Engineer, Hydro-Electric Power Commission of Ontario.

Hydro will continue to give war services preferential treatment during the coming year, by providing all essential electric power requirements when and where needed.

During the past year the Commission experienced increases in its total primary load each month averaging about 14%, but during October the monthly increase for total primary load was only 6.9%, or an increase of only 115,000 horsepower over October, 1939. In so far as the large Niagara system was concerned this reduction in the trend of load growth since September was largely attributable to the effect of Daylight Saving Time being continued in many municipalities by order of the Dominion Power Controller. On the 1940-41 winter peak it is estimated that a continuance of Daylight Saving Time will reduce the peak 65,000 to 85,000 horsepower.

In the coming year the Commission anticipates further substantial load increases throughout the Province due to enhanced industrial demands, accelerated by wartime needs.

With the Commission's present supplies of power, it is not expected that there will be any difficulty in maintaining existing services or in supplying all new necessary war demands for power during the year 1941.

* * *

J. D. Johnson

President and General Manager, Canada Cement Co.

The war effort will take all of the energy that the country can put into it if we are to contribute to the limit of our ability. The cement industry not being a war industry has no reason to hope for an extension of its markets in 1941.

* * *

Charles Vining

President, Newsprint Association of Canada.

Canadian newsprint shipments in 1940 amounted to approximately 3,425,000 tons against an effective capacity of 4,368,000 tons. Operations in 1940 were thus approximately 78% of capacity. This represented a substantial improvement over the 1939 total of 2,861,000 tons and the 1935-1939 average of 3,003,000 tons.

The 1940 increase was due to abnormal wartime conditions which virtually eliminated some 700,000 tons of competitive export shipments from Scandinavia and Germany. Assuming continuance of this abnormal situation, it is estimated that Canadian shipments in 1941 will remain at an unusually high level but will show a reduction of about 200,000 tons compared with 1940.

The estimated 1941 reduction is due to shipping, exchange and rationing difficulties in overseas markets. On the basis of this estimate, the mills in Quebec and Ontario under governmental prorating will operate at 67 to 70% of effective capacity. The Canadian mills as a whole in 1941 are likely to have something over a million tons of unused available capacity.

* * *

Wallace R. Campbell

President, Ford Motor Co. of Canada.

While Canadian industrial activities have been accelerated and expanded during the past year at a pace thought impossible at the outbreak of the war, it is now apparent that a still further speed-up of industrial production is necessary if Canada is to meet adequately Empire requirements for war supplies. The development of the defense programme in the United States already indicates that certain supplies which Great Britain has been obtaining in that country may no longer be available in sufficient quantity. Canada is the logical location for industrial expansion and for the duplication of those industries now located in the United Kingdom exposed to the hazards of bombings.

Further industrial development in the Dominion is vitally necessary and our Government should take immediate action to launch a large-scale programme in this direction. While such a programme will tax the strength, resources and resourcefulness of the Canadian people, it will also mean further gains in employment and purchasing power. Increased taxation and certain restrictions on the normal conduct of business are unavoidable and accepted as necessary.

In the automobile industry there are indications that 1941 should provide a reasonable volume of new business in the low price field as there will still be need for civilian cars and particularly for trucks which are essential in the widespread movement of goods and materials.

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H. T. Jaffray

President, Canadian Bankers Association, and General Manager, Imperial Bank of Canada.

Fifteen months of war have witnessed a substantial increase in commercial loans by the banks, nearly 25%, reflecting the use of larger amounts of working capital by industry generally as part of Canada's great transposition from a peaceful to a wartime footing. It seems reasonable to expect that the volume of loans will continue to expand throughout the conflict, for Canadian industry is being asked for much greater war production than in 1914-18. The banks, with substantial assets and a sound percentage of liquidity have put themselves in a position to supply to industry all the additional working capital it will require without having to restrict credit in other directions.

The primary function of the banks in wartime is to encourage saving and to mobilize savings for the benefit of governments, business and agriculture. The Canadian banks have been performing this task conscientiously and will continue on duty on the home front until this war is won by British arms.

Meanwhile wartime restrictions on business are being borne with fortitude in the realization that our young men are submitting themselves to strict discipline in preparation to risk their lives for freedom.

* * *

N. J. Lander

President, Canadian Life Insurance Officers Association, and Managing Director, Continental Life Insurance Co.

It is a fair prediction that the volume of life insurance in force in Canada will progressively grow in 1941. Having in mind the steadily increasing circulation of money for wages and materials as war industries expand, funds available for the purchase of life insurance will increase. In addition, the war is having a sobering influence, inclining policyholders to hold fast to the investment and protection afforded by existing policies.

Life insurance is a highly developed and advanced form of thrift. Life insurance companies by their purchases, for investment, of War Loan bonds, marshal very large sums for the support of the Empire's struggle toward victory. A logical outlet for funds accumulated by the thrift of individuals is the purchase of life insurance, a consideration which should promote its sale and retention.

On the other hand, a retarding effect may be seen in the claims for men for the armed services and war industries, reducing the agency forces of life insurance companies and restricting the replacement of men so withdrawn.

* * *

C. L. Burton

President, Robt. Simpson Co. Ltd.

Canadian retailing is just concluding the busiest year since 1929, and on the threshold of 1941 it looks forward to a continued demand for consumers goods in even greater volume than that of the year just ending. This expansion, of course, has been created through the additional spending power released as a result of the government's war expenditures and as well by the agricultural, manufacturing and mineral production which has assumed record proportions throughout Canada during the year.

Undoubtedly there has been a great deal of spending for much-needed goods on the part of many people, who for some years have had restricted incomes or have been on relief. As the spending power of this section of the people of Canada continues to improve it should have been a sustaining effect on retail trade. Another favorable factor for retailers is the latent purchasing power which exists in the Prairie Provinces where the farmers have not yet realized the full cash return for their 1940 crop.

The various imposts which will be levied against incomes during the year by the Dominion Government, and the encouragement to invest in war savings certificates and war bonds will, to some extent, have a restricting effect on the spending power of the individual. While luxury buying may and should disappear, there should, however, be more money in the hands of the public as a whole than there has been for some time past, due to increased employment and higher individual incomes.

* * *

John D. Mansfield

President, Chrysler Corp. of Canada.

It should be plain to everyone that no clear view of the business outlook for 1941 can be had from the point of view of "business as usual." We will have to adjust ourselves to increasing war priorities in labor (especially skilled labor), materials, manufacturing plant, industrial power sources, machine tools, technical manpower, and managerial experience and skill. There will not be

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(Continued from page 11)

time to develop new sources of material and man power as fast as our rapidly developing war industry will require them. The needs of war industry must be met mainly from the resources which have been built up to meet the requirements of our peacetime economy. There is no other major source.

The maintenance of essential domestic services will therefore make much greater demands upon the time and skill of all those performing managerial functions great or small. Managers will have to give up their experienced help and train new help, thus calling upon themselves for more supervision and effort. The morale of any organization will therefore be more important than ever, for the efficiency of an organization depends largely upon the spirit and understanding with which the work is done.

At this time a tremendous burden is placed upon those in authority. The task of gearing a peaceful nation to war, of transforming an industrial machine geared for peace into an effective machine geared for war, is immensely complicated and difficult. How complicated and difficult it is can be understood only in part even by those familiar with the intricacies of large scale industry. When we began there was little experience to draw upon for war action, especially for the highly mechanized war which we are fighting. That experience has to be gained against time and by a nation with neither the aim or instinct for war.

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J. D. Woods

Vice-President and Managing Director, York Knitting Mills, Ltd.

Now that we are reaching the time of full employment, it becomes more and more evident that the Government, by means of various prohibitions and by voluntary and possibly compulsory savings plans, intends to effect the transfer of labor from non-essential to essential industries. Establishments manufacturing merchandise for civilian needs should therefore plan future operations with caution.

Some factories are now running almost entirely on war orders and many others with equipment suitable for the production of war material will most likely be busy even with a gradually diminishing civilian demand.

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H. P. Mackechnie

General Manager, Tip Top Tailors, Ltd.

During 1940 we spent a considerable amount of money in expanding our plant for the purpose of servicing the Dominion Government in the way of supplying uniforms for the army, navy and air force. Our executives did a good job and we turned out a large quantity of uniforms. Our peak in production amounted to 18,000 garments a week. All this extra work had to be done in a separate shop organized for the purpose, so that it would not interfere with our regular business, which was considerably above 1939.

The situation as it now stands for those in the industry who have been manufacturing military clothing is one that should be worked out with the Government. I understand that the Government has enough uniforms in stock for requirements until the end of 1941, subject, of course, to any change due to the turn of the war. If the Government could let the industry know what requirements would be the firms concerned would be in a position to plan ahead.

A lot of the companies have put in new machinery and trained help, thinking that this branch of business would continue until the war was over. They are in a dilemma now, not knowing whether to keep these plants intact in the hope that the Government will continue to order uniforms, or abandon these shops and lay off all the extra help they have trained. These workers would no doubt seek other jobs, making it hard to reorganize in a hurry if the Government wanted more clothing on short notice.

Regarding prospects, my opinion is that during the first part of the year and until the public readjusts itself to extra taxation, there will be a slight falling off of business. Then again there is the possibility of another army being formed, which will take away a certain amount of buying power, which, of course, is offset by the extra industries which are being formed to manufacture war materials.

The tax situation is the biggest problem, as so many people who have never paid taxes before will get a shock when they start figuring up their income tax returns around the middle of April, and will not realize the necessity of saving so much a month, until they know what their annual taxes are going to be, However, when the public readjusts itself and knows what it has to spend, then business should pick up, as clothing is one of the necessities of life and especially in these times men appreciate that they have to be dressed much better than they were several years ago.

* * *

W. R. Drynan

President and General Manager, Canadian Canners Ltd.

The trend of business for the canning industry during 1941 is for more activity with increasing costs. Reasons:

The 1940 production is barely sufficient for domestic requirements over the season which ends with the 1941 season for new pack. Consequently, it is anticipated that the canners will be contracting acreage to their plant capacity plus an additional acreage to ensure against possible crop failures.

There has been a good movement of canned foods of all kinds for domestic consumption and the percentage increase over the year should be substantial. Against this, of course, there is the falling off of the export business. Taking both together there will be a shrinkage in volume sales due to the loss of the export business and also to shortage in production.

Recent legislation prohibiting imports of canned fruits and vegetables from non-Empire countries will not make any material difference, as imports were small, but competition from Empire countries will probably be greater, if space is procurable, owing to tariff concessions.

In 1941 there is some possibility of buying for export to Great Britain. If a substantial export business is obtainable, the canning industry will have to know about it within the next few months in order to arrange for increased production with their growers.

The canning industry is one that has very great fluctuations largely because there is only one turnover a year and owing to crop hazards. As is generally the case when stocks are light, there possibly will be a tendency to overproduce in 1941. This is something which the bankers should watch closely.

* * *

Earl Spafford

President, Imperial Tobacco Co. of Canada.

Regardless of the fact that a large number of men have gone overseas, the consumption of tobacco has not suffered a decrease in pounds used.

Because of the relatively high tax on cigarettes, many consumers have taken up pipe smoking or are rolling their own cigarettes.

Prohibition against the importation of manufactured tobacco and the right to bring unmanufactured tobacco into the country only under special permit will, it is believed, increase the sale of domestically manufactured tobacco products. It will also encourage growers to attempt to develop certain grades of tobacco leaf which heretofore have not been produced in this country. These tobaccos, essential to the cigar industry, are grown in Cuba, Java, Sumatra and the United States. It is extremely doubtful, however, if growers in Canada will ever succeed in duplicating the delicate aroma and fine texture of this imported leaf because climate and other conditions in Canada are different.

Continued industrial activity will undoubtedly increase consumption of all tobacco products and it is confidentially expected that the year 1941 will establish new sales records in all departments.

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D. A. Whittaker

President and Managing Director, Sherwin-Williams Co. of Canada.

It is apparent from what information is at hand at the present time, which is in no sense official, that volume of business in the paint and varnish industry during the year just closed has been higher than any year on record. Demand through regular channels has been good and has been augmented to a considerable degree by special demands arising out of war activity.

Total construction figures far exceed those of recent previous years, the increase being largely due to wartime industrial and engineering projects. At the same time private and residential construction has held up well.

Average prices of raw materials have shown some increase over pre-war levels, the increase being between 12% and 15%, and while there has been some difficulty in obtaining all supplies, there has been no serious shortage, Outside of Canada, most of our raw materials are now coming from England and the United States.

Our industry has endeavored to maintain price levels as far as possible, although labor costs and raw material prices have increased. Prices to the consumer have not changed since November, 1939, and are less than 5% above pre-war levels.

Judging from present demand and the outlook as far as one can foresee it, the paint and varnish industry expects to be busily engaged during the coming year.

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L. F. Winchell

Vice-President and General Manager, Hinde & Dauch Paper Co. of Canada.

Currently, it is impossible to make much of a forecast as to what the trend will be in the paperboard and shipping case industries through 1941. Export restrictions have affected these productions during 1940, in some instances severely, and will likely continue to affect them indefinitely. There has, of course, been some new domestic business result from war productions, and this will likely grow bigger as time goes on, but to what extent such new demands will offset or better the loss of both direct and indirect export requirements is not now foreseeable.

Manufacturers of these products are generally in a better producing position than they have ever been, and being unrestricted in any way as to a raw material supply, it is hard to anticipate right now that a demand might exist during the coming year that would tax the capacities of these industries.

At the same time, we anticipate that all will at least keep reasonably busy.

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H. A. Nicholson

Editor and Business Manager, Canadian Printer and Publisher, Toronto.

Commercial printers have been subject to ups and downs during 1940, with some plants particularly slack during the summer months, but on the whole they should complete the year with a volume of work about equal if not greater than last year. This is largely due to a big volume of overflow work from the Government Printing Bureau at Ottawa. Besides the immense quantity of printed forms required in connection with the war activity, some printing is being done at the Government Bureau for the British Government.

The lithographic industries, composed of some 52 plants, have kept their presses turning steadily and a number have installed new presses during the year.

Impetus has been given the pictorial and greeting card and fancy seal industry by the import provision of the Ilsley budget. Greeting cards form the bigger item, since imports from the United States amount to more than a half million dollars.

American magazines such as those dealing with detective, sex, confession stories and the like were also named on the Ilsley list of bans after Dec. 16. About a carload, 30,000 lb., have been passing through the port of Toronto weekly for distribution in Ontario. Some endeavor may be made to print the better class of the banned publications in Canada, as was the case when the Bennett Government placed a high tariff tax on all magazines containing advertising coming in from the United States.

Printing and publishing are among the steady running industries of Canada, but nevertheless they are subject to outside influence and if nothing happens to disturb the present upward trend, they should have even a better year in 1941.

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W. H. Carter

President, Winnipeg Electric Co.

Winnipeg Electric Company's electric, transportation and gas utilities, by continuing to co-operate in the war effort along with other essential industries, will continue to benefit from the resulting increased industrial and military activity in the territory it serves. While much of the increased revenues will be absorbed in higher cost of materials and increased taxes, our view is we have reason to be encouraged.

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Redmond Quain

President and Managing Director, Ottawa Car and Aircraft Ltd.

1. There will be acute financial distress among those companies with the largest war orders, by reason of the strain put upon their credit in the financing of these orders, since, in my opinion, the Government will not be able to obtain quickly enough the accounting personnel necessary to pass their accounts and, from the banking point of view, the percentage of their current liabilities to liquid assets will increase to a point where standards used by banks in peacetime in deciding upon credit ratings, will probably have to be discarded.

2. There will undoubtedly be an acute shortage of machine tools which will increase, rather than diminish, and for which there does not appear to be any solution except the unlikely one that the United States will subordinate its own requirements to those of Canada.

3. The stocks of those companies engaged in large war contracts will be depressed as investors realize that under the present setup there is no margin for even getting additional working capital, much less profit.

4. There will be no particular difficulty doing the war work for which machine tool equipment is available. The War Contracts Depreciation Board has arrived too late, since there is no machinery to be got.

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George W. Huggett

First Vice-President, Canadian Industries Ltd.

Gradual mobilization of Canada's manufacturing facilities in a concentrated effort to meet war requirements is causing heavy demands on the capacity of the chemical industry. Priority must, of course, be given to chemicals needed in actual warfare, but almost every industry producing war materials is consuming chemicals in increasing quantities.

In addition curtailment of supplies from other countries is affording opportunities to introduce or expand domestic production of certain chemicals and is stimulating search for new processes and sources of supply.

Despite the increased volume of production, tax payments may be expected to reduce earnings below pre-war levels.

Established organizations with their trained personnel are proving equal to the accelerated rate of development in the industry. By building new plants for the Government and extending existing facilities they are giving every assurance that practically all war requirements can and will be met.

If maximum production of war materials is to be achieved, however, full production of some chemical products may be difficult to maintain. Restriction of civilian consumption is therefore to be expected, probably through rationing in one form or another. Nevertheless, the most equitable methods of bringing about the required changes in industrial output are the judicious use of taxation and an increase in the volume of national savings.

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T. W. Bassett

Vice-President and General Manager, Dominion Glass Co.

Measures which the Government has recently taken to further our war effort will have some effect on the Canadian glass industry during 1941. The "freezing" of existing designs, which applies to glass as well as to other products, has already converted machine tools and skilled mechanics' time in the glass factory machine shops to the production of parts essential to our munitions programme. Legislation introduced in the Parliament recently prohibiting the importation of certain items of glassware from non-sterling countries should increase to some extent the previously available market.

To what degree the Government appeal to save rather than spend will affect our volume in 1941 is difficult to foresee. It may be assumed, however, that the expansion of industry generally throughout Canada in the development of our war effort, with consequent increase in employment, should be reflected to some extent in the demand for glass products.

The coming year looks reasonably good from the standpoint of the hardware, electrical and paint trade. This view is based on the rapid expansion in Canada's industrial production, bringing with it much greater mass buying power and need for new housing. Retail and wholesale hardware sales have shown substantial increase in 1940, and this trend is expected to continue in 1941.

A shift is taking place in buying power. Wage earners are becoming more important customers for household equipment and will offset any deficiency caused by reduced purchasing power of the more heavily taxed middle income class.

Even with increased taxes, and necessarily higher prices due to the new excise taxes on many lines of gas and electric household equipment, the hardware trade looks for increased sales of electric appliances, household hardware, builders' hardware, paints and varnishes, during the coming year.

The past year has not seen any major price advance in most hardware commodities. Looking ahead, it is felt that advances will develop but that the upward trend will be gradual. No great shortages have occurred in supplies of domestic goods to date, but there is evidence that with many factories increasing their output of war materials, deliveries in 1941 may be more extended than they have in 1940.

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H. R. Cottingham

President, Vancouver Board of Trade.

British Columbia is fortunate in that it has within its boundaries a wide diversity of industrial and agricultural activities. Figures which will be disclosed for the year 1940 will indicate that in practically all branches of trade the output is well ahead of previous years.

These industrial and agricultural factors tend to maintain and increase our payrolls which, in turn, keep our secondary industries going.

The industrial payroll of B. C. has increased from $113½ millions in 1934 to $165½ millions at the end of 1939. The figures for 1940 should be even greater.

B. C. has received substantial business in the form of war orders, providing an acceleration and a stimulus to business generally. As an indication, Federal income tax collections in B. C. during the months of April to September inclusive in the fiscal year 1940-41, amounted to over $11 millions compared with $7 millions in the same period for the fiscal year 1939-40. Vancouver leads all Canadian cities in per capita subscriptions to the war savings drive.

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F. G. Donaldson

Vice-President and General Manager, Montreal Trust Co.

It is very difficult at this time to determine what the trend of business will be in 1941. The war has undoubtedly affected adversely operations in certain fields, while it has accelerated the activities of others. Where the larger corporations, due to war orders, are extending their plants, the financing of these, instead of being accomplished, as in normal times, through the sale of bonds, is being largely financed by the banks, through governmental arrangements. This means loss of business to the trust companies, in that trusteeships are not required. Then again, the inactivity of the stock markets has had a detrimental effect on our business, while in the mortgage loan departments similar adverse conditions prevail. Long term investments are not sought, as the aim is to keep assets in as liquid a form as possible. We anticipate that this situation is likely to continue through 1941.

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E. C. Gilliat

Managing Secretary, Winnipeg Board of Trade.

The immediate outlook for business as a whole is reasonably favorable, though cloudy in many lines. But there should be no illusions regarding 1941. First things must come first, and Government, business, and private initiative must go "all out" to win the war. To this end westerners generally support the Sirois report, believing its implementation will strengthen Canada's ability to meet the tests of war, and subsequent problems after victory has been won.

The West has not felt the full benefits which would normally accrue from the large crop, owing to wartime price and marketing controls. Offsetting factors include moderately increased returns from livestock and dairying, the construction programme of the Empire Air Training Plan, and a relatively small volume of war orders for manufactured goods. The outstanding net results have been a somewhat larger business turnover, more buoyant provincial revenue and a less-than-hoped-for reduction in relief costs.

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J. V. Owen

President, Canadian Underwriters Association.

The state of war has had direct effects upon the business of insurance, apart from increased taxes, such as the creation of the hazards of war risks and malicious damage. The problems created by these two hazards have been the subject of continual study by insurers, so that the needs of the public may be readily and equitably met. The extent of these hazards, of course, never remains stable for any long period of time; as they seem to approach or recede, new factors have to be considered.

Again as war conditions create problems for a particular industry, industries in general or citizens in general, the shadows of these problems are cast upon the insurance business and have to be weighed and considered and provided for in insurance contracts.

The phenomenon of the relationship between the "fire loss graph" and the "business cycle graph" is well known, but there are infinitely smaller relationships that exist between business conditions and insurance experience. Twenty-four hour shifts, the ceaseless operation of machinery and the increase in hours of work, each have their effect on the individual and on the operations of a plant and as insurance is affected by both physical hazards (and moral hazards in the broader sense), such changes in conditions are bound to be reflected ultimately in insurance experience.

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F. A. Warren

President, Gutta Percha & Rubber Ltd.

Due to a wide range of direct war orders placed with the industry, and to the needs of many primary and industrial enterprises engaged in war work or expanded as a result of the war, business in the Canadian rubber industry has shown definite expansion.

Export business has been curtailed due to control of foreign exchange, shipping delays, restrictions and even embargoes, but its maintenance just as far as possible is being encouraged by the authorities.

Thanks to the Navy, deliveries of crude rubber, although somewhat slower, have not been interrupted. World supplies are ample, but they come from the Far East and are dependent upon open sea lanes and a sufficiency of shipping.

The immediate trend for the rubber industry would seem to be steady, so long as the industries of the country remain busy on war work and on the basis of a continuance of the public's present purchasing power. The industry continues to co-operate closely with the Government.

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B. T. Huston

Editor, Canadian Grocer.

Finance Minister Ilsley's recent "baby" budget cuts off 50 or more food items that have been imported from non-sterling countries. The amputation affects more or less seriously many grocery brokers in all larger centres in the Dominion. Some will lose anywhere from 25 to 75% of their business unless they can find other lines to take their places.

Wholesale and retail grocers may lose some volume next year, especially on items not produced in Canada such as nuts, olives, canned shrimp, figs, certain fruit juices and dried fruits. But there is the possibility that before another Christmas rolls around items like nuts, figs, olives may be permitted.

As far as canned and evaporated fruits and vegetables, cocoa powder, biscuits, etc., are concerned, there should be little or no loss in volume. Canadian manufacturers will be encouraged to produce more of these products and of better quality. In fact, they have a golden opportunity to do so and secure much of the business that has been going outside the country.

Many Canadian food manufacturers will next year find further expansion in business due to the war. Great Britain will continue to buy our wheat, flour, bacon, cheese and canned salmon in large quantities exceeding on the whole their purchases in 1940. She has also recently offered us an order for more than a million and a quarter cases of canned tomatoes which have been on her "embargo" list since March.

The food industry can therefore look forward to another active business year and especially with continued successful prosecution of the war.

* * * *

Harold Crabtree

President, Canadian Manufacturers' Association.

Views on the business outlook for the coming year must of necessity take into account the drastic changes that industry may be called upon to make as the result of the war, gearing Canadian industry up to a high pitch for the manufacture of munitions and supplies. This must have priority over domestic demands.

Assuming that the war continues throughout the year, as it appears certain to do, the demand for manufactured goods of all kinds will be maintained at a high level. To some extent it will be augmented as a result of the shutting off of certain imports into Canada from the United States, as provided for in the recent budget in order that we may conserve our United States funds to pay for needed imports of essential war materials. As the war progresses and the requirements of war materials from the United States increase, as will undoubtedly be the case, it may become increasingly necessary further to curtail imports of what might be termed non-essential products, which will create still greater demands on Canadian industry.

What the effects of war in 1941 may be on industry not engaged directly in the production of munitions is difficult to forecast. Raw materials and labor will undoubtedly become difficult problems. To what extent these factors may interfere with the ability of industry to supply not only the country's needs but those of export business remains to be seen.

* * *

C. H. G. Short

General Manager, Lake of the Woods Milling Co.

When considering the prospects for the coming year one is faced with the fact that there is no definite assurance of any marked increase in the export business to the Old Country. From present indications one would deduce that last year's heavy movement of flour to the U. K. was in part due to stocking up of supplies. We have plenty of wheat for grinding and the most satisfactory feature of the whole situation is that the Canadian milling industry is in a position to supply whatever needs that may arise during the coming year.

* * *

John E. Hammell

President, Pickle Crow Gold Mines.

Realizing gold is one of the most essential products in stabilizing exchange, everyone in the mining industry is doing his utmost, I am satisfied, to co-operate with the Government in increasing production to get the most ounces of gold as quickly as possible—consistent, of course, with sane mining practice. I think, also, that everyone is pleased with the way the Government is co-operating.

Speaking personally, I have consulted with the Government several times and was pleased to find all departments taking a sane, comprehensive view of the situation—so much so that we have increased our mills at Uchi and Hasaga in order to double our production. This we could not afford to have done had we not had their assurance and been fully confident of their integrity of purpose.

The Government fully realized that taxation by rule of thumb might necessitate the closing down of the lower grade, narrow margin mines. Although we do not know definitely what our taxes are going to be, nevertheless everyone is going full speed ahead knowing and feeling confident of the Government's sanity in the matter.

* * *

J. Milton Cork

President, Loblaw Groceterias Co.

Increased employment and rapidly expanding payrolls have been the contributing factors in the increased business of the food chains during the past 16 months.

Sales of our company directly reflect this condition, and as long as war orders continue and industrial payrolls are maintained, business will continue to be good.

The direct effect of the increased buying power of thousands of industrial workers is a greatly augmented demand for the products of the Canadian farm. But the farmer as yet is not sharing sufficiently in this apparent industrial prosperity. No equitable way has so far been found to ensure a fair return to the primary producer.

The efforts of the Government to conserve exchange and to limit the buying of unnecessary goods will be felt more and more as time goes on, and many imported lines will not be available to the Canadian consumer. Increased personal income taxes, when they become due next spring, will also be reflected in the curtailment of the free spending which has been evident in the past few months.

Altogether, it is difficult to predict the ultimate result of either war restrictions or war expansion. But we look to the future with confidence and with the hope that our company may, through increased volume and better earnings, contribute even more substantially to Canada's war effort.

* * *

J. M. Buchanan

General Manager, British Columbia Packers Ltd.

Our industry goes into 1941 facing the following conditions in the export market: Our European markets are now entirely shut off. New Zealand has banned all fish imports. Australia has placed imports of canned salmon and pilchards on a quota basis. Britain has banned all imports of frozen fish.

Britain is regulating the import of canned salmon, herring, pilchards, fish oils and meals by placing them on an import permit basis, the quota being entirely dependent upon the funds and space that can be allocated for such goods. Although there is an established rigid price control on these products, the British market for our goods is as secure as the need for them.

Britain, in the past, has imported the largest percentage of her canned salmon from Japan. To date, to the best of our knowledge, she has not taken any of the 1940 pack of Japanese salmon; and we understand no tin plate has been made available for Japan's 1941 needs. Since Canada is the only Empire source of canned salmon it is expected that Britain, as well as the other parts of the Empire, will draw increasingly on Canada for their needs as supplies which were built up before the war are used up.

As Britain and the British Empire can use all the available canned fish supplies from Canada, there should be no difficulty in disposing of our production.

Recent import restrictions by Canada on fresh and canned fish and shellfish should increase the demand for Canadian production in our domestic market which has already been enlarged owing to the increased purchasing power in Canada. A wider distribution of salmon, clams, oysters, pilchards, herring, and processed oils for medicinal, pharmaceutical and poultry uses, should encourage a greater production of these lines.

* * *

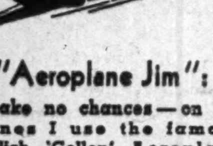
J. S. Duncan

Vice-President and General Manager, Massey-Harris Co. Ltd.

Not many years in preview have presented as many confusing factors as we in the implement industry are confronted with in estimating the possibilities for 1941. Canada had a great wheat crop in 1940, making two in succession, which naturally

(Continued on page 17)

They're talking about
AEROPLANES,
BROOM HANDLES
and
VENETIAN BLINDS



Says "Aeroplane Jim":
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Says "Broom Handle" Joe:
"Quality counts with me too; brooms get a lot of handling and I've found 'Thorlak' Finishes the best yet!"

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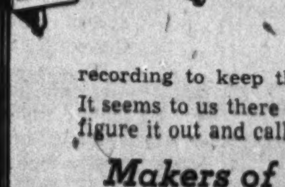
Vice-Pres. & Man. Dir.

G. HAROLD BURLAND
Sec.-Treas.

Bon Voyage!



Business will soon be pulling up the gangplank, all set for another year's venture. Before embarking it is perhaps well to look around and consider how this or that rock can be avoided, how other difficulties may be overcome, how this passage can be made more happy and prosperous.

Keeping up the morale of the crew is perhaps your main problem—and there's nothing like spic and span decks, good instruments and methods of charting, logging and recording to keep things going smoothly — with everyone on his toes.

It seems to us there is some sort of a parallel here—about offices. Maybe you will figure it out and call "Office Specialty." They know a lot about offices-

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FILING SYSTEMS AND OFFICE FURNITURE

THE OFFICE SPECIALTY MFG. Co. LIMITED

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Retail Branch Stores in Canadian Cities from Coast to Coast

Pulp and Paper Industry

War Uncertainties Cloud 1941 Outlook

Slight Drop Seen in Demand For Newsprint for British Isles

By JOHN LANGDON
Staff Writer, The Financial Post

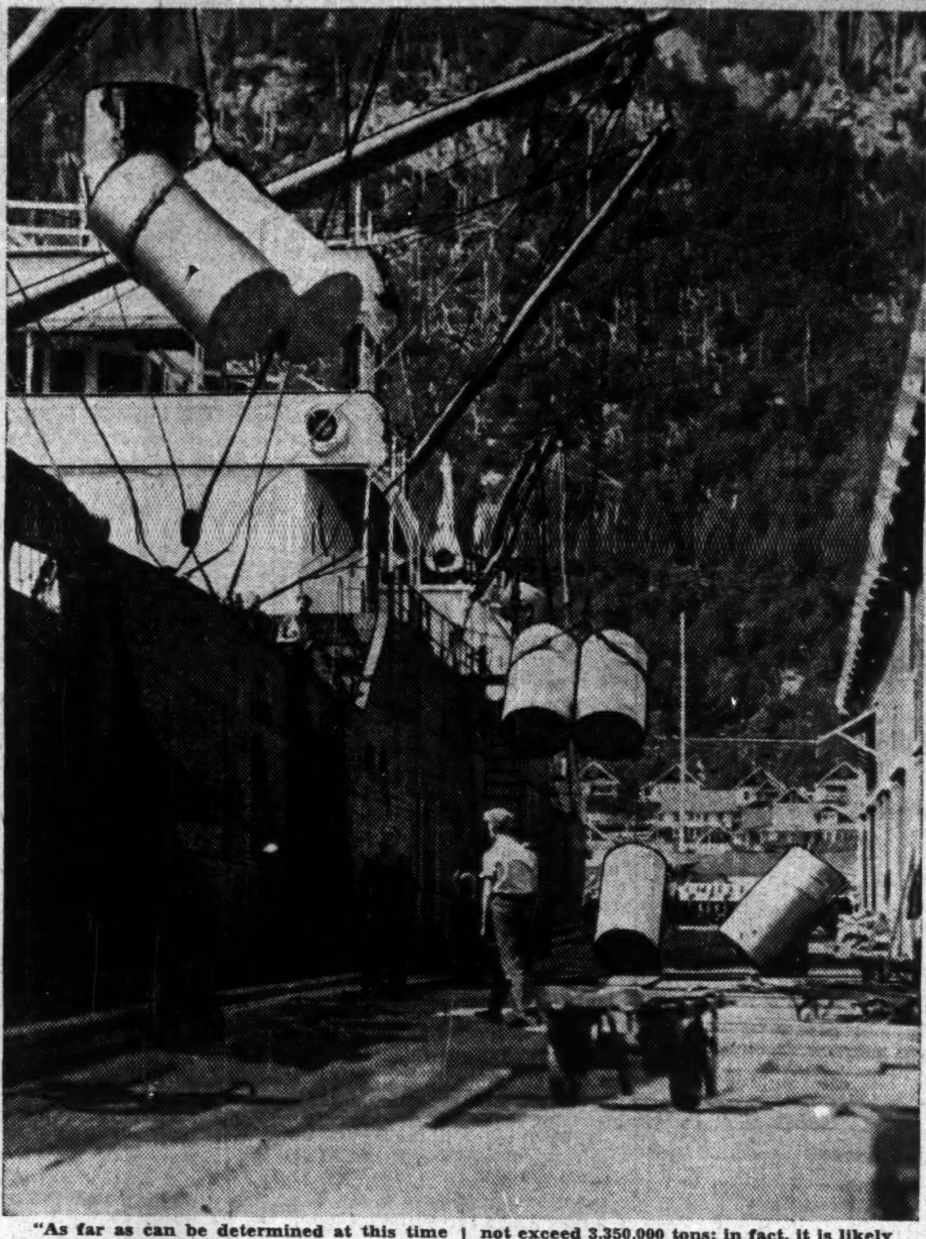
MONTREAL.—Canada's pulp and paper industry is finishing up one of the best years experienced in the past decade.

Output in some divisions will be the greatest on record, though newsprint production will be somewhat less than in 1937. In dollar revenue, income will be greater than in any year in the history of the industry, due in part to the premium received on U. S. funds covering sale of newsprint and pulp in the United States.

It has been a good year for the industry. The experience of the individual manufacturer has been well above average. Yet this has been accomplished without any radical upward change in prices. When the war started the industry set out to keep a close control on prices and, in many instances, the selling value has remained unchanged. In particular does this apply to newsprint, the principal manufactured commodity exported from Canada.

The fortunes of the pulp and paper industry have assumed a new importance in the Canadian economy. It is not that there has been any radical change in the basic situation, but rather that the public has come to have a better appreciation of the very important contribution which this industry makes to the country's welfare both in peace and wartime.

In these days when it is necessary for Canada to purchase millions of dollars worth of essential war materials in the States, the pulp and paper industry is well to the fore in providing U. S. funds wherewith to cover such purchases.



"As far as can be determined at this time Canadian newsprint production for 1941 will not exceed 3,350,000 tons; in fact, it is likely to be closer to 3,300,000 tons.

Results for 1940

Final figures on production will not be available for another three or four weeks, but it is possible to make a fairly close estimate of the outturn for 1940.

Newsprint production this year will run close to 3,500,000 tons. This compares with 2,869,266 tons in 1939 and 2,624,580 tons in 1938. The all-time record was established in 1937 when Canadian mills produced 3,647,800 tons. However, it should be remembered part of the production in 1937 was at the expense of operations in 1938 because of advanced buying, so that on a basis of actual demand 1940 was the best year in history.

Fine paper production has recorded a healthy increase this year and all plant facilities have operated at close to capacity.

Paper converting mills have been active, due to larger domestic demand and replacement of certain specialties ordinarily imported from abroad.

The pulp industry has had a good year, though accumulation of stocks in the first half of 1940 by American users tended to hold down operations in the last half year.

All in all, however, every branch of the pulp and paper industry has prospered. Employment has been provided for thousands of workers at higher wages. The amount spent on materials and supplies has been greater and, more than ever before, the industry has contributed vastly to the economic wellbeing of the nation.

Prospects for 1941

What of the coming year? Will production increase? Will more American dollars be available from export sales to finance the Dominion's purchases in the States? Will prices rise?

There is an answer to all of these questions. But in each and every instance it is not possible to be definite because of many unknown factors. We do not know how long the war will last. It is not possible to say what shipping difficulties will be experienced next year, nor as to the restrictions which may be imposed by some countries on the imports of paper or pulp. Consequently any forecast of the outturn next year must be qualified with these factors in mind.

Newsprint Passes Peak

Take newsprint, by far the most important branch of the pulp and paper industry. Indications are that the newsprint industry reached its peak (at least for the time being) last July.

As far as can be determined at this time Canadian newsprint production for 1941 will not exceed 3,350,000 tons; in fact, it is likely to be closer to 3,300,000 tons. The bearing out of this forecast would mean that the mills will produce possibly as much as 150,000 tons less than in 1940.

The reasons for estimating smaller output of newsprint in the coming year include the fact that no material change is expected in Canadian consumption, which ordinarily runs somewhat less than 200,000 tons and for 1940 amounts to about 185,000 tons.

Overseas Trade Involved

In the overseas markets, which developed into an important outlet for Canadian newsprint last year, there are several points to note. For 1940 British publishers arranged for delivery of 325,000 tons from Newfoundland and Canadian mills, with about two thirds coming to Canada.

For the coming year British purchases from the same sources will amount to 200,000 tons, as there is a carryover of 70,000 tons from this year. In other words the British publishers will have available from Newfoundland and Canada a total supply of 270,000 tons of newsprint paper in 1941. This is approximately the same as the net of 255,000 tons actually used in 1940, but means a relatively sharp drop in orders in 1941.

The Latin American market promises well for next year. In the earlier months of 1940 some Scandinavian newsprint was brought in but this source of supply will be cut off for 1941 with a continuation of war conditions. It would not be surprising if an additional 100,000 tons of paper were bought from Canadian and Newfoundland mills next year.

Watch Consumption

British South Africa developed into a fairly important market this year and should purchase about the same quantity in 1941. On the other hand, British South African publishers have taken steps to enforce stricter control over the use of newsprint paper.

The Australasian market for 1941 will not be any greater than in 1940; in fact, demand may run somewhat less.

In China, India, Far Eastern and other miscellaneous markets demand for Canadian newsprint this year approximates 90,000 tons. An increase in deliveries to those markets is not likely in 1941.

It should be emphasized in connection with overseas markets that any estimate of probable demand for 1941 is conditioned upon availability of shipping, shipping costs, insurance, advertising, government restriction on consumption of newsprint, etc., etc.

U. S. Market Survey

Turning to the United States, Canada's largest market for newsprint (about 80% of the total output), prospects for maintenance and even an increase in consumption are promising.

This year Canada has shipped around 2,600,000 tons to the American market.

An increase in shipments for 1941 depends upon the effect on business of the national defense programme spending in the States. Unquestionably a considerably larger amount of credit will be put into circulation. This should have a beneficial effect on buying power and in turn on advertising. On the other hand authorities on the American business situation expect this "prosperity" to be largely localized. The benefits of the spending may not be evenly distributed over the whole country. Consequently it is possible more newsprint will be used in certain areas, while others may not experience any change, while still others may report a decrease.

No Change Expected

One observer of the American business situation, and an authority on newsprint, inclines to the opinion that consumption will be much the same in 1941 as in 1940.

It is still too early for the American Newspaper Publishers Association to prepare its estimate of probable consumption for 1941.

Early in 1940 the Association forecast an increase of 5% in consumption of newsprint.

This forecast has proved extremely accurate up to the end of November. The December figures are not likely to show any material change.

Reserves Well Up

On the basis of a 5% increase in consumption, the figures on production and shipments indicate the American market was supplied with about 70,000 to 75,000 tons more newsprint than actually required. In other words the publishers' stocks at the end of 1940 are likely to be that much greater than warranted by actual consumption.

This condition was recognized several months ago. It is not considered abnormal by either manufacturers or publishers. In effect the publishers have increased their normal reserve to take care of unforeseen interruptions in deliveries, bulges in circulation, etc. However, in surveying the outlook for 1941 it must be kept in mind publishers have a supply of around 75,000 over and above normal reserves which can be drawn upon to meet increased consumption.

At this time it would be sounder to estimate United States consumption of newsprint paper in 1941 at an aggregate of about 3,750,000 tons, or roughly the same as in 1940.

On balance it would appear Canadian mills will have from 100,000 to 150,000 tons less business from all sources in 1941 than was the case in 1940. Naturally this figure is subject to revision as events unfold themselves during the year, or as more complete figures become available.

Steady Price Trend

In connection with the probable price trend of newsprint paper next year, any change will apply only to the last six months as operators already have set the price for the first half of the year at $50 a ton. The fact that there is little likelihood of any shortage of paper in 1941 is an influence on price-making policies.

On the other hand, costs of production continue to rise slowly; taxes are higher, etc. Whether the upward change in these latter items will be translated into a higher price for newsprint paper remains to be seen. It is also well to keep in mind the manufacturers' announced policy of a stabilized price and no profiteering because of war conditions.

Pulp Outlook Next Year

So much for the newsprint paper outlook. Pulp manufacturers are confronted with a number of factors which make a forecast somewhat difficult. The excessive reserves accumulated earlier in the year by American users because of an anticipated shortage and sharp rise in price, have been worked down to more normal proportions.

Thus we can expect that the relationship between consumption and demand next year will be of normal proportions.

The United States is by far the largest market for Canadian pulp. In respect to sulphate or kraft pulp, U. S. domestic capacity should be sufficient to take care of all the country's needs.

The sulphite and groundwood pulp capacity is inadequate. American users will have to look to Canada to make up the difference.

For some time American sulphite mills—working on both the bleached and unbleached product—have been working at capacity. There also has been a very sharp rise in the imports from Canada.

Shortage is Possible

It might be said that if there is no change in consumption of sulphite pulp use in U. S. during 1941, then American and Canadian mills can meet all requirements. But should the American demand rise, say as much as 5% or even more, then there may be a shortage of certain grades and higher prices as the scramble for supplies gets under way.

This condition would apply more to bleached than unbleached sulphite. A shortage of the latter is possible, but in that connection it should be borne in mind that with the price at an attractive level, certain of the Canadian newsprint companies could make available a considerably larger quantity of unbleached sulphite to sell in the open market. This is a factor which may tend to keep down prices in the event of any tightness in the supply.

The prices on most grades of pulp have been set for the first quarter of 1941, just as in the case of newsprint. However, there is less assurance that the price will remain at existing levels. If demand broadens an upward revision of the price schedule would not be unexpected, though, as in the case of newsprint, the pulp operators, both in the United States and Canada, are working to the end of having a stabilized market.

Fine Papers Active

Turning next to the fine paper division, the factors influencing production and prices next year are more largely of a domestic character. The fact that imports of certain types of fine papers and specialties have been eliminated or greatly reduced has strengthened the position of the Canadian mills.

At the same time the pickup in business and the extensive operations in connection with the war effort, have created a strong demand for all types of bond, writing, ledger and other types of fine papers. Prices generally are above those prevailing a year ago and are likely to continue that way.

Board Outlook Indefinite

In the miscellaneous group, such as boxboards, insulating board, etc., the outlook is somewhat mixed. During the current year there was a very strong demand for insulating board from the United Kingdom. It is problematical as to whether or not this demand will continue in 1941. The same line of reasoning applies to the domestic situation, where large quantities of board were sold in connection with the building of camps for active service troops and the non-permanent militia. Moreover, there is a gradual slowing down of new building, which may be offset by the building of new war plants.

The situation in this branch of the industry is obscure and it is not possible at this juncture to arrive at a definite conclusion.

In connection with the broad outlook for the Canadian pulp and paper industry next year there are two things to keep in mind—costs of production and taxes.

To date the Government has not taken a definite stand on the matter of wages. It is suggested the rise in living costs should be offset by a special bonus to cover the increase, but until the Government adopts a firmer attitude it is to be expected that wages will increase. Commodity prices, also, have risen, though not to any marked extent as yet. Prices of materials and supplies also have moved up, though again in moderate proportions.

It is to be expected from the trend of late that costs of pulp and paper will slowly rise which, in turn, will be reflected in higher prices though not in the immediate future.

Tax Question Important

The matter of taxes is of considerable concern to the pulp and paper manufacturers and, in turn, to investors holding pulp and paper securities. The rapid recovery in earning power in 1940 has made the operators in this field particularly vulnerable to the "excess" profits tax.

Application of the Act without any concessions, would take away a very large percentage of the increased income. However, it is recognized that pulp and paper ranks as a "depressed" industry. The general expectation is that special consideration will be given to the pulp and paper manufacturers' application for relief when it comes before the income tax authorities.

Until a decision has been handed down by the income tax branch or the Board of Referees for the excess profits tax it is difficult, if not impossible, to appraise the financial benefits arising to the pulp and paper industry from operations in 1940 or those expected for 1941.

Stocks of Paper In U. S. Steady

From Our Own Correspondent

MONTREAL. — Stocks of newsprint paper on hand with 421 newspapers reporting to the American Newspaper Publishers Association amounted to 44 days supply at the end of November. This contrasts with 45 days supply at the close of the previous month and 43 days supply at the end of November last year.

In actual tonnage the newspapers reporting had 367,101 tons, a decline of 14,149 tons from the previous month, but nearly 21,000 tons greater than at the same time a year ago.

Canada is Supplying More Paper to U. S.

From Our Own Correspondent

MONTREAL.—United States imports of newsprint paper for the first 10 months in 1940 amounted to 2,288,112 tons. Of this total Canada supplied 2,156,340 tons, an increase over the like period of 1939 of 21.4%; Europe, 31,815 tons, a decline of 88.6% from last year's total; and Newfoundland, 99,957 tons, or 47.6% more than in the first 10 months of 1939.

N. B. Workmen's Claims Expected to Increase

From Our Own Correspondent

FREDERICTON, N.B. — A 30% increase this year in the number of claims against the New Brunswick Workmen's Compensation Board is anticipated by Board Chairman R. B. Irving.

Reason for expected one third increase from last year is the industrial pickup New Brunswick has experienced in wartime demands for the province's products.

The board also anticipates a similar increase in payrolls and assessments against industrial concerns, Mr. Irving said.

Lake St. John To Pay Interest

From Our Own Correspondent

MONTREAL. — Directors of Lake St. John Power & Paper Co. announce interest for 1939 on the 5% debentures will be paid in the near future. Cheques will be forwarded to holders on Dec. 27, it is understood. Authorization of payment for 1940 will come before directors early in 1941.

Interest on the debentures for the period from July 1, 1936, to Dec. 31, 1941, is payable out of net income as defined by trust deed on April 1 in 1937 to 1942, inclusive.

Canadian Pulp Exports Rise

War Conditions Practically Force Europe's Mills Out of Market

From Our Own Correspondent

MONTREAL.—United States dependency on Canada for woodpulp imports is strikingly evident by the latest returns released by the U.S. Department of Commerce.

During October only 588 tons were received from Europe as against imports from Canada of 67,524 tons. This represents a sharp decline from that reported in Oct., 1939, when 216,142 tons were imported. A year ago imports were rising as domestic consumers bought pulp in excess of their requirements to beat the price advances which appeared inevitable.

For the first 10 months of 1940 the United States imported 1,083,334 tons, of which Canada supplied 699,672 tons and Europe 383,662 tons. For the like period of 1939, imports amounted to 1,518,973 tons, with Canada contributing 493,315 and Europe 1,025,658 tons.

Breakdown of Returns

Imports of wood pulp into the United States in October in the first 10 months of 1940, with comparative 1939 figures, follow:

	October 1940	October 1939	10 Months 1940	10 Months 1939
	—tons—		—tons—	
Finland ..	6	28,281	80,773	264,285
Norway ..	...	15,108	17,190	69,523
Sweden ..	582	88,561	279,022	629,290
Other for.	...	8,937	6,678	62,560
Total	588	140,887	383,662	1,025,658
Canada ..	67,524	75,255	699,672	493,315
Grd. total	68,112	216,142	1,083,334	1,518,973

Supply of Paper Shows Rise

Mill Stocks Decline But Publishers Report More Tonnage

From Our Own Correspondent

MONTREAL.—Apparent total of North American newsprint stocks at the end of November amounted to 786,852 tons, an increase of 64,811 tons over that reported a year ago.

Both Canadian and Newfoundland mills report a heavy reduction in stocks, while American mills report a slight advance.

The principal change in the supply situation is the increase in publishers' stocks.

Newsprint Stocks—Nov. 30

	1940	1939
Canadian mills	175,931	193,466
U. S. mills	16,655	13,399
Newfoundland mills..	61,618	75,022
U. S. Publishers	532,648	440,154
Total	786,852	722,041

M. & O. Reorganization Hearing Set for Jan. 8

The United States District Court, Minneapolis, has set Jan. 8, 1941, as the date for a hearing on a petition for confirmation of the reorganization plan. This plan has already been assented to by the required proportion of security holders and obtaining of court assent will be the final step prior to carrying out of the details of the plan.

On the same date the court will hear petition regarding other points in the reorganization, including authorization to reimburse the bondholders' protective committee and the noteholders' committee. Following this authorization the securities will be released for exchange for the new securities.

Mexican Market Open To Canadian Pulp

From Our Own Correspondent

MONTREAL.—Revival of imports of Canadian pulp into the Mexican market is suggested in a special report of the Canadian Trade Commissioner, in Mexico City.

The total consumption of bleached pulp in Mexico is about 20,000 tons annually, and the market for unbleached pulp amounts to from 13,000 to 14,000 tons a year. There is also a market for about 11,000 tons annually of kraft pulp, as well as a limited demand for mechanical pulp.

Some Canadian pulp has found its way into the Mexican market of late, but the commissioner believes that this business can be expanded.

British South Africa Conserves Newsprint

From Our Own Correspondent

MONTREAL. — Union of South Africa publishers are being urged by the Newspaper Press Union to conserve newsprint supplies. To that end the Union recommends a base ratio of 40% news and 60% advertisements.

During the current year South Africa has become an important outlet for Canadian newsprint. To the end of October, 31,476 tons were shipped to British South Africa, as against 23,246 tons for the like period of the previous year. At present, exports are at the rate of about three times those of a year ago.

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Life Insurance

Improvement Expected In 1941 Business

Experience of Last War Encourages Hopes for Expansion — Increase Estimated in Insurance in Force as 1940 Closes

Based on the experience of the last war, life insurance in Canada in 1941 should see considerable increase in both new business written and business in force.

Records of the business from 1914 to 1919 show that while sales declined in 1915, the first full calendar year of war, they increased in 1916 and continued to gain during the balance of the war period. Business in force increased in 1915 and the succeeding years.

Definite figures of the experience in 1940 are not available at time of writing, but reliable estimates indicate that the same course is being followed fairly closely on this occasion.

Sales Slightly Lower

Unofficial forecasts are that the volume of new business written in 1940 will be down very slightly from the previous year, while business in force will show an increase.

With people as a whole drawing good incomes in 1941 life insurance men feel that sales should be easier to make. Sales executives are making a point of the fact that a large part of the premiums paid in on life insurance policies is lent to the Government.

In this way, they argue, the buyer of life insurance is not only buying protection for his family but is lending indirectly money to the Government.

War Savings Campaign

The life companies have been cooperating with the Government in its war savings campaign to the extent of supplying a substantial number of men for the campaign among employers and employees.

Always active in health promotion, they have been taking special interest in health matters since the war started, having in mind the experience of the influenza epidemic which broke out in the late weeks of the last war and in six months to March 31, 1919, caused death claims on the insurance companies equal to two thirds of the total claims arising from the war in the years 1914 to 1920.

Higher Rates Possible

Investment problems and especially the continuing low rate of interest have given rise to agitation in some quarters for an increase in the premium rates of non-participating policies. While no definite decision has been reached in this regard, it is considered possible that something of this sort may be done in the coming months by some of the companies which have special types of policies or rates on regular policies below the average.

Obituaries

Major L. T. Burwash, trustee and field manager, North of 60 Syndicate, director Arno Mines Ltd. and Negus Mines Ltd., and formerly with the Dominion Department of the Interior (now merged in Department of Mines and Resources), aged 66, at Cobourg, Ont.

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Aemilius Jarvis, president of Dominion Telegraph Securities Ltd. and founder of the former investment firm of Aemilius Jarvis & Co., former president British Columbia Fishing & Packing Co., aged 80, at Toronto.

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Lionel Rawlinson, president of L. Rawlinson Ltd., furniture manufacturers of Toronto, aged 82, at Toronto.

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Hon. Gordon Scott, financial adviser to the Dominion Department of Munitions and Supply; partner P. S. Ross & Sons, chartered accountants, Montreal; president, Canadian Industrial Alcohol Co.; treasurer and director, J. S. Mitchell & Co.; director, Brazilian Traction Light & Power Co., Canadian Car & Foundry Co., C. W. Lindsay & Co., General Steel Wares Ltd., Canadian Dredge & Dock Co., Montreal Trust Co., etc.; aged 53, lost at sea after ship torpedoed on way to England.

• • •

M. L. Davies, former president Standard Chemical Co., director Guardian Realty Co., North American Chemical Co., Sir Isaac Pitman Co., Commonwealth Match Co., aged 75, at Toronto.

The
WAWANESA
Mutual Insurance Company
Assets Exceed ... $2,600,000.00
Surplus 1,330,363.89
Dominion Govt. Deposit exceeds 1,000,000.00
Wawanesa ranks 1st against all Companies operating in Canada on Net Fire Premiums Written according to Dominion figures for 1939.
Head Office: Wawanesa, Man.
Eastern Office: Toronto, Ont.
Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton
2,000 Agents Across Canada

FIDELITY
Insurance Company
of Canada
TORONTO

Insurance Problems

Disability Income

Can you tell me if there are any companies in Canada now writing disability income in connection with life insurance. A friend tells me it cannot be obtained now.

There are about a dozen companies in Canada still writing disability income insurance in ordinary life contracts. These clauses however, in most cases, are not as liberal as they were some years ago. For instance, now, the policyholder must be disabled six months before he can expect to draw income. The amount of income paid varies somewhat also. An ordinary type of contract allows a monthly payment of $10 a month for every $1,000 of life insurance, for 50 months. At the end of that time the face value of the policy is paid to the policyholder and the contract is at an end. In some cases, it is understood, the income allowed is $5 per $1,000 on straight life policies with $10 a $1,000 on endowment policies. Most companies of course write the waiver of premium clause by which if the policyholder becomes totally disabled he is not required to pay premiums after giving proof of disability.

Accident and Sickness

I have an accident and sickness insurance policy but have recently become connected with an association that will provide me with medical attention if I require it. Should I give up my accident and sickness policy?

Your accident and sickness policy may be regarded as an auxiliary contract to your medical service one. The latter, while providing medical service, probably does not provide indemnity for lost time while you are away from your employment. The usual accident and sickness policy does. Accordingly one may be regarded as complementary to the other. If you are away from work for some time and drawing no wages, your accident and sickness policy will take care of that, as well as providing additional comforts that your medical contract may not.

Disher Steel Construc. Pays Higher Dividend

Disher Steel Construction Co. has declared a dividend of $1.50 a share on its Class A preference, payable Dec. 24, 1940, to shareholders of record Dec. 18. The last previous payment was in $1 in December of last year. Arrears as of Nov. 1, 1940, after giving effect to the latest declaration amount to $9 a share.

Record levels for business have been reported by this company for successive months this year. Indications are thus that the company's earnings, before taxes, should be well ahead of many recent years. It is also expected that the company will apply for special ruling from the Board of Referees on the excess profits taxes on the grounds that its earnings in the four-year base period were not normal.

Our MUTUAL Plan
Reduces FIRE INSURANCE Costs
LAST year this company's policyholders received $1,531,487 in savings under the Northwestern Mutual plan. Careful selection and inspection of risks, co-operation in fire prevention and efficient management combine to reduce overhead costs to a minimum. You, too, should be participating in these benefits.
HOW THE NORTHWESTERN MUTUAL PLAN OPERATES.
PREMIUM
NET COST SAVINGS
(Above charts are approximate. Consult your nearest agent or branch office for rates and current savings)
APPLICATIONS FOR AGENCIES INVITED
NORTHWESTERN MUTUAL FIRE ASSOCIATION
Assets: $8,970,000
Canadian Head Office: Vancouver

GREAT WEST LIFE CHANGES

M. F. Christie has been elected president of The Great-West Life Assurance Co., succeeding the late George W. Allan. W. P. Riley (left) was elected a vice-president, succeeding Mr. Christie, and Col. G. H. Aikins was elected a director.

W. P. Riley is president and general manager of Western Grocers Ltd., a director of the Canadian Bank of Commerce and member of the advisory board of the Winnipeg branch of the Toronto General Trusts Corp.

Col. Aikins, of the law firm of Aikins, Loftus, Aikins & MacAulay, is president of the Manitoba Sugar Beet Co., director of the Imperial Bank, Canadian Fire Insurance Co., Canadian General Securities and The London and Western Trusts Co.

For sketch and picture of Mr. Christie see page 6.

Automobile Insurance Experience Varies

Collision and Property Damage Rates in Some Areas Appear Low — Fire and Theft Rates in Most Districts High

Automobile insurance rates for complete coverage across Canada as a whole vary from a little high in Ontario to considerably too low in New Brunswick, according to a statistical report prepared by C. H. Frederickson, actuary of the Canadian Underwriters Association.

This report each year is prepared at the request of the Superintendent of Insurance for Ontario and includes the experience of both tariff and non-tariff companies. Data are made available from all provinces except Quebec and Nova Scotia. The report covers the policy years 1935 to 1939 inclusive. The 1939 policy year includes 18 months up to June 30, 1940. Reason is that of the losses incurred in the first six months of 1940 it is estimated 70% were incurred on business written in 1939 and consequently belong to the 1939 policy year.

On 1940 Rate Basis

The loss ratios shown in the first column of figures in the accompanying tables have been adjusted for each of the first years to show what they would have been if all the business had been written at the 1940 Association rates now in effect.

The second column indicates how much too low or too high the actual rate level is, compared with the expected one. The plus figures show the percentage the rate for a certain coverage of territory should be increased to bring the loss ratio to 53% for Ontario and 52½% for the remainder of Canada, which are generally accepted as consistent with sound underwriting. The minus figures show the percentage reduction that may be made in the rates to arrive at the same loss ratio.

In some of the areas it will be seen that rates on certain coverages are too low and in others too high.

In Ontario

For instance in Ontario it would appear the rates on public liability could be reduced 4% on the average experience of the last five years.

On the other hand figures for property damage and full collision are shown as calling for an increase. The calculation for total premiums and losses, howewevr, indicates that the rate for full coverage in the 1939 policy year was about 6% higher than necessary to maintain the 53% ratio.

In the other provinces considerable variation is shown.

In commercial vehicles rates appear to be low in all provinces except Ontario and Alberta, where a reduction of 2% and 1% respectively would bring the loss ratio to the accepted levels.

PASSENGER CARS

ONTARIO

	Loss ratio %	Indicated adjust. of rates %	Aver. cost of claim $
Public Liability			
1935	48	−9	435
1936	52	−2	435
1937	54	+2	451
1938	51	−4	446
1939	48	−9	450
Total	51	−4	444
Property Damage			
1935	47	−11	32
1936	51	−4	34
1937	60	+13	34
1938	58	+9	33
1939	57	+8	34
Total	55	+4	33
Full Collision			
1935	114	+115	70
1936	77	+45	56
1937	87	+64	61
1938	94	+77	66
1939	93	+75	66
Total	93	+75	64
Fire			
1935	39	−26	55
1936	33	−38	51
1937	34	−36	51
1938	39	−26	61
1939	35	−34	59
Total	36	−32	55
Theft			
1935	44	−17	19
1936	41	−23	22
1937	46	−13	26
1938	44	−17	26
1939	38	−28	25
Total	43	−19	24
Complete Coverage			
1935	48	−9	..
1936	51	−4	..
1937	55	+4	..
1938	52	−2	..
1939	50	−6	..
Total	51	−4	..

Average Five-Year Experience for the Other Reporting Provinces

	Loss ratio %	Indicated adjust. of rates %	Aver. cost of claim $
Prince Edward Island			
Public liability	58	+10	580
Property damage	57	+9	43
Full collision	100	+90	62
Fire	18	−66	103
Theft	59	+12	145
Full coverage	56	+7	..
New Brunswick			
Public liability	48	−9	359
Property damage	54	+3	42
Full collision	145	+176	95
Fire	70	+33	174
Theft	26	−50	83
Full coverage	62	+18	.
Manitoba			
Public liability	49	−7	450
Property damage	44	−16	28
Full collision	101	+92	54
Fire	35	−33	63
Theft	62	+18	26
Full coverage	50	−5	..
Saskatchewan			
Public liability	48	−9	562
Property damage	55	+5	46
Full collision	111	+111	88
Fire	37	−30	109
Theft	30	−43	39
Full coverage	52	−1	..
Alberta			
Public liability	59	+12	573
Property damage	52	−1	49
Full collision	99	+89	71
Fire	39	−26	126
Theft	37	−30	30
Total	55	+5	..
British Columbia			
Public liability	59	+12	700
Property damage	42	−20	41
Full collision	73	+39	48
Fire	24	−54	66
Theft	39	−26	17
Full coverage	52	−1	..

COMMERCIAL VEHICLES

	Loss ratio %	Indicated adjust. of rates %	Aver. cost of claim $
Ontario			
Public liability	56	+6	440
Property damage	48	−9	35
Full collision	41	−23	61
Fire	41	−23	215
Theft	36	−32	44
Full coverage	52	−2	..
Prince Edward Island			
Public liability	28	−47	253
Property damage	78	+49	47
Full collision	178	+239	83
Fire	29	−45	190
Theft	49	−7	186
Full coverage	59	+12	..
New Brunswick			
Public liability	85	+62	470
Property damage	92	+75	54
Full collision	56	+7	32
Fire	61	+16	284
Theft	13	−75	60
Full coverage	77	+47	..
Manitoba			
Public liability	60	+14	507
Property damage	42	−20	30
Full collision	148	+182	30
Fire	52	−1	200
Theft	55	+5	48
Full coverage	54	+3	..
Saskatchewan			
Public liability	65	+24	785
Property damage	50	−5	42
Full collision	121	+130	130
Fire	40	−24	253
Theft	18	−66	87
Full coverage	57	+9	..
Alberta			
Public liability	44	−16	566
Property damage	49	−7	51
Full collision	25	+5	52
Fire	54	+3	332
Theft	36	−31	55
Full coverage	52	−1	..
British Columbia			
Public liability	56	+7	647
Property damage	49	−7	36
Full collision	58	+10	34
Fire	43	−18	260
Theft	47	−10	36
Full coverage	54	+3	..

H. Simon & Sons Sales Improved

Higher Costs Expected to Offset Gain in Gross Earnings

From Our Own Correspondent

MONTREAL.—Sales of H. Simon & Sons Ltd. in the current year are improved over those last year, and it is expected Christmas business will be more satisfactory.

Increased costs of operation and higher taxes are being experienced by the company and results for the year may not be as satisfactory as in 1939. In that year net profit of $46,944 was reported, equivalent to earnings on the common stock of 94 cents a share.

Quebec's new tobacco tax was passed on to the consumer and had a temporary effect on sales. Demand has picked up since. Budget ban on imported cigars will remove a certain amount of competition, but import license requirements for unmanufactured tobacco from non-Empire countries may affect the company.

Life Insurance Notes

At the annual meeting of the Life Underwriters' Association of Toronto, officers for 1941 were elected as follows:

C. WESLEY MEALING, North American Life, president.

GORDON W. ADAMS, London Life, 1st vice president.

S. M. WICKENS, Sun Life, 2nd vice-president.

A. J. ELDER, London Life, Hon. Treasurer.

JAMES W. WESTAWAY, Aetna Life, Hon. Secretary.

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The Life Insurance Managers Association of Ottawa has elected officers for 1941 as follows:

H. A. BRUCE, Imperial Life, president.

A. DEL PANET, Great-West Life, vice-president.

J. H. BRUCK, Standard Life, secretary-treasurer.

S. K. WILLIAMS, Prudential of America, W. H. ARMSTRONG, Northern Life and L. W. BUTLER, Equitable Life, directors.

Fire and Casualty Insurance

Better Business Seen For Fire Companies

Speeding Up of Production in 1941 Likely to Result in Increased Premium Income — Inland Transportation Business Grows

Fire insurance companies in Canada enter 1941 looking for substantial expansion in business.

Greater activity in trade and industry, in the opinion of company executives, points to an increase in premium income in the coming months. This was the experience in the last war when premiums rose from $27 millions in 1914 to $35.9 millions in 1918 with a loss ratio falling from 55.75 to 53.84.

Definite figures for the experience in 1940 are not available at time of writing but estimates are that the total volume of premiums written will be much the same as in 1939 or possibly a little lower.

Some companies, however, report that up to the middle of December their premiums were slightly above the previous year. Losses are estimated to be about the same as a year ago or possibly a little lower. Accordingly the underwriting results are expected to show little change from the previous year.

Premium income has been affected adversely by the lower rates put into effect all over Canada during the year. On the other hand, the insured value has increased materially due to various factors including:

Heavier inventories carried by merchants and manufacturers.

Increased values of goods and commodities.

Higher valuation of plants and buildings due to increased cost of replacement.

Below Expectations

In some ways the effect of the war on premium income in 1939 was not as great as anticipated. For instance, price controls have prevented values for certain materials and products advancing as some had expected. Then again many of the new buildings being erected for war work are insured only during construction, being then turned over to the Government which carries no insurance.

Values of industrial buildings generally, however, are estimated to have increased about 10%.

With the war business getting into its stride better in 1941, however, it is believed premium income will be larger.

Losses are also expected to remain at about the present level or possibly to decline. It is generally admitted that in time of good business fire losses are lower while in times of depression they rise. The Financial Post Business Index currently is higher than at any time on record.

Rates, it is believed, will be more stable at the lower levels now ruling than they were formerly.

In other lines of insurance the growth in Inland Transportation has been noticeable. Comprehensive floater policies issued by this branch have proved popular with the public. Much of the business placed by these contracts, however, has been taken away from other lines of insurance such as fire, burgary, etc., at the expense of the latter.

The heavier movement of war materials this year, it is thought, will probably boost the premiums for straight transportation insurance in the coming months.

Automobile

Experience in the automobile insurance field has been estimated as about the same as last year or possibly a little better. Some companies have ceased writing this class of insurance in recent years which means that the business has gone elsewhere. Automobile underwriters generally are picking their risks more carefully and this combined with the higher rates now in effect has resulted, it is estimated, in a lower loss ratio.

In casualty and miscellaneous lines of insurance, business generally appears to have been about the same as in the previous year. Burglary rates have been raised in some places owing to the greater losses.

Alexandra Apt. Plan Approved

Bond Interest Cut From 6½% to 3% — Maturity Extended

A plan of reorganization for Alexandra Apartments Ltd., operating an apartment hotel in Toronto, has been approved by bondholders. It requires approval from the Supreme Court to take effect.

The plan provides for the extension of maturity on $284,000 outstanding 6½% first mortgage bonds from May 15, 1940, to May 15, 1955. Interest is to be cut to 3%, in consideration of which bondholders receive three shares of common stock for every $500 principal of bonds held. These shares are to be held under a voting trust agreement.

No provision was made for sinking fund. It is understood bondholders recognized the need first to provide funds for an extensive programme of modernization and renovation.

Sherwin Williams Reviews Dividends

Hopes to Continue Paying Extra on Preferred to Wipe Out Arrears

From Our Own Correspondent

MONTREAL. — Sherwin-Williams Company of Canada hopes its policy of paying extra preferred dividends along with regular disbursements may be continued, George A. Martin, former president and newly-appointed chairman told shareholders at the annual meeting.

If this can be carried out arrears on preferred stock will be eliminated by the final quarter of 1941. It would then be possible to consider a common dividend of about $1 a share, Mr. Martin stated. Partly-owned subsidiaries, which have been a liability for some time are beginning to show improvement, he added.

D. A. Whittaker was elected president and managing director of the company to succeed George A. Martin, who becomes chairman of the board. W. S. Fallis resigned from the latter position.

Traders Finance Plan Is Now Approved

Plan for simplification of the capital structure of Traders Finance Corp. was unanimously approved at a special meeting of shareholders.

The plan provides for 6,402 outstanding shares of 7% B preferred stock to be redeemed at $110 per share plus dividends to Jan. 1, 1941, with the proceeds from the sale of $700,000 3½% serial debentures maturing over the next seven years at the rate of $100,000 annually. Total of 2,001 unissued shares of the same stock are to be cancelled.

The debenture issue will be secured by a pledge of shares in the capital stock of a subsidiary, Canadian Insurance Shares, Ltd., and by a first floating charge on assets and undertaking of Traders Finance.

Brockville Trust Pays Usual Year-End Extra

An extra dividend of 37½ cents per share will be paid together with the regular quarterly payment of 62½ cents by the Brockville Trust & Savings Co. on Jan. 2, 1941, to shareholders of record Dec. 20.

Similar year-end extras have been paid in each of the past three years.

Bell Issues Shares

From Our Own Correspondent

MONTREAL.—Bell Telephone Co. of Canada advises 854 additional shares of capital stock have been issued under the employees' stock plan. This makes total shares outstanding 821,149.

Government Finances Outlined in Booklet

Financial statistics of the Dominion, the provinces and a number of principal cities are presented in the 1940 edition of Wood, Gundy & Co.'s booklet "Canadian Government and Municipal Financial Statistics."

Financial statements of the Dominion, each province and city are included, together with 10-year comparisons of debt, revenue and expenditure in the case of the provinces, and tax statistics in the case of the municipalities.

Fire Insurance Notes

A new standing automobile insurance committee has been named by the Ontario Department of Insurance to scrutinize the form in which the province gathers automobile statistics and suggest changes as it sees fit. The committee will be composed of three tariff and three non-tariff insurance company representatives, with a representative of the department to act as chairman.

Since the province first started to gather automobile insurance data about eight years ago, no change has been made in the system. It is felt some new methods might be of advantage.

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The St. Paul Fire and Marine Insurance Co. which recently celebrated its 75th aniversary has issued a 12-page booklet dealing with the company's early operations in western Canada where it has been writing insurance since 1866. In that year it opened an office at Red River Settlement under the management of R. C. Burdick. At that time there was no bank, no railroad, no telegraph office there.

Mr. Burdock had his office in the Hudson's Bay Company's store where he was a clerk. He ran a two-column advertisement in the Nor'Wester, frontier newspaper, soliciting business.

The St. Paul Fire and Marine operates in Canada today under the management of P. A. Codere of Winnipeg. It has associated with it the Mercury Insurance Co. and the St. Paul Mercury-Indemnity Co. In 1939 the group wrote net premiums totalling $504,137 with losses of $188,992, a loss ratio of 37.49%.

The company's head office at St. Paul sends every week five pounds of butter and five pounds of tea each to 14 people in the United Kingdom.

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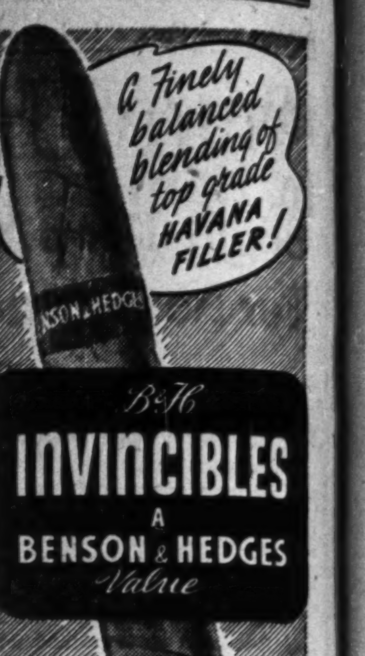
Effective Jan. 1, 1941, the head office for Canada of the London & Lancashire Insurance Co. will be moved to new premises at 19 Richmond St. West, Toronto. At the same time the head offices of the following five associated companies will also be moved to the same location:

THE QUEBEC FIRE INSURANCE CO.
MERCANTILE INSURANCE CO.
QUEEN CITY FIRE INSURANCE CO.
HAND-IN-HAND INSURANCE CO.
LAW, UNION & ROCK INSURANCE CO.

• • •

The Mutual Benefit, Health and Accident Association has recently added to its deposit with the Receiver-General of Canada $10,000 worth of securities. This brings the total amount on deposit to $517,500 for the sole protection of Canadian policyholders.



B&H
INVINCIBLES
A BENSON & HEDGES Value
15¢
Also Corona Shape
The GREATEST NAME IN CIGARS SINCE 1873

Envelopes
for every purpose
Barber-Ellis
of Canada, Limited
TORONTO - BRANTFORD
BRANCHES FROM COAST TO COAST

Fire Insurance and Allied Lines
AGENCY INQUIRIES INVITED
NATIONAL RETAILERS
MUTUAL INSURANCE COMPANY

THE DOMINION BANK ESTABLISHED 1871

Equipped for War
THIS BANK, inspired by the common motive which is linking all Canadians in an intensive War effort, has equipped itself to render a banking service, effectively organized and directed in all its phases, to meet the new and manifold requirements of a nation at War.
THE DOMINION BANK
ESTABLISHED 1871
C. H. CARLISLE, President
ROBERT RAE, General Manager

Banking

Improvement Expected In Bank Earnings

Expansion of Canada's War Effort to Bring Larger Demand for Commercial Loans — Tax Burden Becomes Heavier

Expansion in Canada's war effort provides the key to the 1941 banking picture.

War business in 1940 combined with the spending power derived from the large 1939 wheat crop brought improvement in the operations of the banks as a whole with revenues rising as a result.

Most welcome development of all from a banking standpoint was the increase in commercial loans, the largest single source of bank earnings. Feeling among bank executives is that this will be maintained in the New Year as production of war materials increases.

The large 1939 wheat crop, with a fair price guaranteed by the Dominion Government, in itself meant better business in Canada in 1940. But the war demand for materials of various kinds coming on top of this resulted in business generally rising to levels never before attained.

Finance War Orders

This greater activity in business meant larger inventories being carried by both merchants and manufacturers which in most cases had to be financed by bank credit. Manufacturing operations, too, have been handled largely the same way.

As war orders were placed in steadily increasing volume, many manufacturers found themselves faced with the purchase of raw materials and large payrolls which had to be met promptly. Owing to official routine payment on Government contracts is often slow. This meant that many industrialists had to go to the banks to get money to enable them to carry on. These loans being well secured were generally acceptable to the banks. Accordingly, commercial loans have averaged considerably higher than in the previous year. At the end of October, the last date for which figures are available, they were approximately $72 millions higher than in 1939. With interest rates at about the same level, revenues from this source have been substantially higher.

Loans to the provinces and municipalities have been lower, reflecting wartime economies by those bodies. Call loans also have been reduced by the falling off in speculative activity on the security and commodity markets while loans outside Canada were also down. The net result was a gain of about $30 millions in all loans.

Investments Lower

The greater demand for loans has been followed by a reduction in investments with the banks turning these into money to lend their customers.

Revenue from services such as transfer of funds, cashing cheques, safety deposit box rentals, etc., is about the same as a year ago.

Taxes have increased sharply during the year, the amounts paid over to the different governments in 1940 being over 60% greater than a year ago in the case of certain banks.

Savings deposits have declined, owing mainly to subscription by the depositors to the two war loans and the war savings certificates. It is expected, however, that as the earnings of the people increase savings deposits will also increase. Meanwhile the banks are well supplied with loanable funds and consequently interest rates show no change. In some quarters it is believed that as the surplus funds are taken up either in government or commercial loans interest rates may stiffen.

Expenses are holding about the same as previously.

War has brought problems to the banks as regards their staffs. New personnel has had to be engaged to take the place of men leaving to join the colors. One executive estimated it took three new clerks to do the work done by two experienced ones.

Staff Changes

The Royal Bank of Canada announces the following staff changes:

R. D. HATCH, assistant manager Santiago de Cuba, Cuba, to be manager Vedado, Havana.

R. M. WILSON to be manager Sherbourne and Queen, Toronto.

H. BERRY, assistant manager Lonja del Comercio, Havana, to be assistant manager Avenida de Italia 497, Havana.

P. H. EATON, accountant Havana, to be assistant manager Santiago de Cuba.

D. S. ROBERTSON, supervisor's department Havana, to be assistant manager Lonja del Comercio, Havana.

G. S. DINWOODIE, assistant accountant Windsor, Ont., to be accountant Walkerville, Ont.

J. H. GAMBLE, accountant Walkerville, Ont., to be accountant Chatham, Ont.

The Bank of Nova Scotia announces the following staff changes:

W. E. STARRAK to be manager Guelph, Ont.

Weekly Bank Clearings

	Dec. 19 1940 $	Change Year Ago %	Dec. 12 1940 $
Halifax	3,596,405	+12.0	3,238,494
Saint John	1,943,224	+1.1	1,820,559
Moncton	1,233,451	+16.3	956,896
Sherbrooke	985,519	+7.4	790,974
Quebec	6,031,819	+2.5	5,282,545
Montreal	105,213,380	—2.2	92,378,859
Ottawa	36,296,956	+83.8	41,521,297
Kingston	756,969	+15.3	644,928
Peterborough	735,551	+8.5	611,239
Toronto	127,648,586	—1.8	104,839,470
Hamilton	6,476,141	—12.2	5,641,622
Kitchener	1,315,266	—3.4	1,072,926
Brantford	1,126,996	—6.0	898,025
London	3,166,387	—6.1	2,630,755
Chatham	929,443	—25.2	637,049
Windsor	3,683,577	+24.4	3,246,376
Sarnia	575,208	—1.2	559,753
Sudbury	875,946	—9.0	1,057,866
Fort William	894,256	—8.6	980,488
Winnipeg	49,763,778	—41.0	49,712,914
Brandon	397,597	+16.1	384,165
Moose Jaw	816,028	+5.5	715,855
Saskatoon	1,471,610	—2.9	1,506,446
Prince Albert	392,219	+1.1	506,374
Edmonton	5,062,302	—3.2	4,361,939
Calgary	8,965,097	+30.8	7,027,425
Lethbridge	645,737	+8.1	687,904
Medicine Hat	335,929	+11.6	382,832
N. W'minster	782,479	+26.4	662,285
Vancouver	19,355,722	+4.5	16,400,807
Victoria	1,945,303	+0.9	1,791,354

Four Bank Branches Closed in November

Closing of four branches of the Canadian chartered banks is reported in the Bank Directory of Canada for December just issued. Two of the four are branches of the Imperial Bank at Bracken, Sask., and Timagami, Ont., one the Royal at Bladworth, Sask., and one the Nova Scotia at Dalkeith, Ont.

Branches in Canada at Nov. 30 totalled 3,309. In addition, the Canadian banks had 25 branches in Newfoundland and 110 elsewhere.

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OPEN HILL SKIING!
In the centre of the Laurentians, north of Montreal . . . this new and colorful resort hotel . . . ultra-modern . . . early Canadian architecture . . . private baths . . . sprinkler fire protection system . . . tastefully appointed.
High in elevation . . . 2 ski-tows nearby . . . abundant open hills and practice slopes beside hotel . . . official ski school . . . long down-hill runs . . . night skiing by floodlights . . . other winter sports.
Write or phone, THE CHANTECLER, Ste. Adele, P.Q.

NEW YEAR'S FROLIC
Welcome 1941 the gay way! With delightful supper . . . noisemakers, fancy hats, streamers and balloons . . . lots of spicy entertainment featuring ART and VERA —FOUR GIRLS and a DANCE—and the TWO BRILLIANTS — Songs by lovely GAIL BRENT
Music sweet and swing by
BILL ANDREW and his famed BAND
PER PERSON $4.50
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THE TEXTILE BUILDING, VICTORIA SQUARE, MONTREAL

Note Circulation Up $9.4 Millions

Sterling and U. S. Exchange Holdings Decline — Deposits Lower

An increase of $9.4 millions in note circulation to the new high of $352.7 millions is shown in the statement of the Bank of Canada for the week ended Dec. 18. The expansion is attributed to the large Christmas trade being done as well as expansion in factory payrolls. Total deposits with the Bank of Canada were down $38 millions, decrease being shown in deposits of the Dominion Government, and of the chartered banks.

The declines in liabilities were balanced on the credit side by a drop of $20 millions in holdings of sterling and United States exchange and of long-term Government bonds.

The decline in foreign exchange reserves and Government deposits probably indicates payments made abroad for war supplies, the Government using its deposits to buy the necessary exchange.

Balance Sheet

	Dec. 18 1940 $	Dec. 11 1940 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	352,770,939	343,365,320
Rest fund	2,449,756	2,449,756
Depos.: Dominion	17,380,079	41,119,846
Bank	217,051,783	234,415,901
Other	5,463,471	2,268,471
Total deposits	239,895,333	277,804,218
All other liabs.	6,465,344	6,663,004
Total liabs.	606,581,372	635,282,298
Assets		
Reserve:		
In sterl. & U. S.	27,342,014	47,367,015
Subsidiary coin	671,683	692,202
Investments:		
Dom. Gov. short	441,881,735	440,419,449
Other Dom. Gov.	128,799,492	139,333,102
Total invest.	570,681,227	579,752,551
Premises	1,740,165	1,738,063
All other assets	6,146,283	5,732,467
	606,581,372	635,282,298

MUNICIPAL HONOR ROLL

Five Years of Progress by Local Government

SHAWINIGAN FALLS, QUE.

Shawinigan Falls, Que., is the thirty-second in a series of municipalities included in The Financial Post Honor Roll for 1940.

These municipalities are those which are considered to have shown stability over a period of years, or in the recent years have made outstanding progress in improving their financial standing. No attempt is being made to run these in sequence of merit or size.

The industrial city of Shawinigan Falls, Que., owes its rapid growth to the intensive development of hydro power on the St. Maurice River. Founded in 1899, the municipality has grown with the expansion of the pulp and paper, metallurgical and other industries north of the St. Lawrence.

The city's record is good. Statistical summary for the past five years shows expanding taxable assessment, excellent tax collections and a decrease in net debt from 1935 to 1939. Principally because of industrial building, assessment values jumped to $30.3 millions in 1940 from $28.5 millions in 1939. Population has shown a steady growth.

The last debenture issue, carrying a 4% coupon, was sold at a premium.

Statistical Picture

	1939	1939	1937	1936	1935
Population	19,791	18,357	17,800	17,034	16,485
Assessment (taxable in $000's)	28,539	27,524	26,709	26,280	26,143
Assessment per capita $	1,442	1,499	1,518	1,543	1,586
Tax rate %	1.80	1.80	1.80	1.80	1.80
Current levy	586,530	563,590	543,391	533,427	529,650
Tax collections:					
Current collections to curr. levy %	92.55	91.76	93.01	91.59	91.85
Current & arrears to current levy %	99.45	98.36	100.18	99.19	101.69
Gross debenture debt (in $000's)	4,165	4,271	4,082	3,996	4,084
Less: Sinking fund	298	276	255	234	215
Net debenture debt	3,867	3,995	3,827	3,762	3,869
Net deb. debt per capita $	195.42	217.62	217.45	220.84	234.67
Other liabilities	211,810	149,732	72,534	65,378	54,409
Relief expenditure funded	46,000	nil	nil	nil	nil
Relief met out of curr. rev.	12,144	32,333	71,346	57,791	48,567

Last Debentures Sold

$670,000—4% serial debentures maturing serially Nov. 1, 1939 and May 1 and Nov. 1 to 1971; $288,000 unemployment relief works and $288,000 refunding; sold at $100.20 to Wood, Gundy & Co. and Royal Bank.

N. S. Steel Plant To Make Shells

From Our Own Correspondent

MONTREAL.—More than $3 millions is being spent on alterations and improvements to the Trenton steel works, owned by Nova Scotia Steel and Coal Co. and controlled by Dominion Steel & Coal Corp.

Michael Dwyer, general manager of N. S. Steel, said the Trenton plant is being prepared for production of war materials. "By early spring we should be in production on shells and other essential war materials," he added.

Municipal Finances

Trail, B.C., has paved the way for a possible reduction in its tax rate in 1941 from 45 to 40 mills. In the first 11 months of 1940 an accumulated deficit on current account of $23,729 was wiped out and a surplus of $18,855 built up.

* * *

Hamilton's recent sale of $338,897 2½-3% debentures is expected by E. R. C. Bower, city treasurer, to cover the city's 1941 financing needs, unless a works programme not now in prospect should be decided upon later.

* * *

Burnaby, B.C. will increase its tax rate if a p[illegible] of refunding now before debent[illegible]holders receives final approval. E. [illegible] Winch, provincial member for Bu[illegible]by, says the rate should be boosted 10 mills to 57 mills. Hon. A. W. Gray, minister of municipal affairs, thinks a three mills jump sufficient.

* * *

Windsor, Ont., plans a consolidation of municipal departments which Mayor Arthur J. Reaume believes would mean an annual saving to taxpayers of about $40,000, or the equivalent of slightly less than one half mill of the tax rate. Tentative approval has been obtained from the Ontario Department of Municipal Affairs.

* * *

East York Township, Ont., reports an 81.5% cut in relief rolls during 1940. Only 1.7% of the total population now is receiving relief, compared with 10% a year ago and 44.7% during the peak in Feb., 1935.

* * *

York Township, Ont., may soon resume representations to the Ontario Government for the status of a city, according to Reeve F. J. MacRae who points to the population of 76,000 persons as justifying such an application. Application made in 1938 was refused, but at that time the city had not refunded its defaulted indebtedness and had not taken over its own Hydro system. These are regarded by Mr. MacRae as the biggest stumbling blocks, and both since have been removed.

Peak Installation For Maritime Phones

From Our Own Correspondent

MONTREAL. — Maritime Telegraph & Telephone Co. reports an increase of 2,368 telephone stations, or 5.4% at the end of October over last year. At that date there were 45,851 stations in operation. This represents a gain of 4,940 over peak development in stations in 1931. All districts are now above the previous peak.

Building Products Ltd. Sales Show Increase

From Our Own Correspondent

MONTREAL.—Report of Building Products Ltd. for the current year is expected to show an increase in both volume and dollar value of sales over 1939.

Last year the organization reported net profit of $487,597, or $1.01 a share on the 483,384 no par common shares. This year "excess" profit will have a marked and as yet undetermined effect on net profit.

Class Hong Kong Dollar Among Hard Currencies

Although Hong Kong is British territory, under the new Canadian War Exchange Conservation Act imports of certain classes of goods from there are barred along with those from the United States and other foreign countries. Reason is that the Hong Kong dollar is tied to the U. S. dollar rather than sterling.

Thus Hong Kong is outside of the sterling area, so that it does not get the same concessions under the Act that other British countries do.

Hong Kong's own monetary unit, the Hong Kong dollar, is distinct from both the Canadian dollar and sterling currency. It therefore falls into the general group described as hard currencies, which include the U. S. dollar.

Market at New York

The exchange market for these Hong Kong dollars is at New York. Consequently when a Canadian buys something at Hong Kong he must first buy U. S. dollars and then use them to buy Hong Kong dollars to pay his debt. It is just this sort of demand for U. S. exchange for non-war purposes that Finance Minister Ilsley is anxious to prevent.

Bankers point out that the Hong Kong dollar occupies much the same position in the Orient as the Canadian dollar does in the western hemisphere. Much of the trade of China goes through Hong Kong, being done with either the United Kingdom or the United States. Accordingly the Hong Kong currency is a sort of link between various Chinese currencies, the pound sterling and the U. S. dollar, just as the Canadian dollar is a link between the currencies of the United Kingdom and the United States.

The Hong Kong dollar appears to have originated in the old Mexican dollar, which had a wide circulation in the Orient before the British occupation of Hong Kong in 1841. The Mexican dollar in turn was developed from the old Spanish coins circulated in the Orient previously. The British evidently felt there would be an advantage in using a unit of value well known all through that part of the world rather than try to get the people to accept the pound.

This Mexican dollar, and the Hong Kong and other Chinese dollars developed from it, were based largely on silver and were subject to considerable fluctuation with the price of that metal. Theoretically the price of the Hong Kong dollar is given at 1 shilling and 3 pence. Recently at New York it has been around 23.80 cents United States or 26½ cents Canadian.

There are in circulation in China other dollars, such as Shanghai and Canton dollars. These have been quoted slightly below the Hong Kong dollar. The latter, however, is important from the Canadian trade standpoint as Hong Kong is a crown colony while British interests in Shanghai and Canton, etc., are limited to concessions.

Close Connection With U .S.

Hong Kong, it is stated, has its own Foreign Exchange Control Board, which works closely with that of Great Britain just as does the Canadian. But as the United States does so much business with China through Hong Kong there is also a close connection there.

Accordingly British currencies appear to fall into three distinct groups:

The Sterling group, which includes the self-governing Dominions other than Canada, as well as the various crown colonies, protectorates, etc.

Canada and Newfoundland, which use the Canadian dollar.

Hong Kong.

The Foreign Exchange Conservation Act also referred to other territories outside the Empire which might be included in the sterling area.

This clause, it is believed, was included in the Act to enable a country like Iceland, an independent country under British protection, to be admitted to the sterling bloc. It is believed certain free French possessions were also in mind when the clause was framed.

Canada Northern Earnings Down

Net in November Drops $33,208 — Off $313,454 in 11 Months

From Our Own Correspondent

MONTREAL.—Net earnings of Canada Northern Power Corp. in November decreased $33,208 from the same month last year, to $196,266. Gross earnings for the month decreased $37,700 to $408,632.

In the 11 months to Nov. 30, net earnings were $2.2 millions, a drop of $313,454 from the same period in 1939. Gross earnings declined $217,640 to $4.6 millions.

Power Output Drops

Output of power in November totalled 60.5 million kw.h., compared with 63.3 million kw.h. for the same month last year. Production for 11 months totalled 680.4 million kw.h., against 684.4 million kw.h. in the same period last year.

In November 161 new customers were acquired, bringing the total to 25,787 Last year at the same time customers served totalled 25,063.

Following is comparative earnings statement for November and the 11 months period:

Earnings Statement

November:	1940 $	1939 $
Gross earnings	408,632	446,332
Oper. expenses	212,366	216,858
Net earnings	196,266	229,474
11 Months to Nov. 30:		
Gross earnings	4,590,092	4,807,722
Oper. expenses	2,400,344	2,304,530
Net earnings	2,189,748	2,503,202

Stan. Chemical Earnings Gain

Half Year Results Show Higher Sales With Demand Continuing

Standard Chemical Co. reports profits for the six months ended Sept. 30, 1940, of $41,941, after depreciation and the setting up of certain reserves. This year the figures include operations of the lumber department which formerly were taken into the account only at the end of the financial year.

Sales amounted to $1,037,079 for the six months of 1940.

A year ago the company reported half year profit of $4,849, without including the lumber department earnings. Sales for the six months ended Sept. 30, 1939, including lumber, were $641,822.

R. H. Sedgewick, vice-president, states:

"All departments of your company's business are active and the various products are in demand. It is anticipated that this condition will continue for the duration of the war. Outlook for the year as a whole is quite promising, but it must be borne in mind that the Excess Profits Tax will have the effect of limiting the net profit."

Standard Chemical Co. declared a dividend of 50 cents a share on its common stock, payable Jan. 31, 1941, to shareholders of record Dec. 31. The last previous payment was 75 cents a share, paid July 15 last. This company has not been making regular dividend payments, but resumed disbursements in July, 1939, following a period of no payments which extended from 1932.

The president of the company, M. L. Davies, died recently in Toronto.

Strike Trouble Shows Recession in Canada

Extent of labor trouble in Canada was less in November than either the preceding month or Nov., 1939. The number of strikes was about the same as the matching month a year ago, but there were reductions in the number of workers on strike and the resulting loss of working time. Most of the November time loss reported was due to three strikes of coal miners in Nova Scotia and two strikes of highway truck drivers in Ontario.

Strikes in Canada

	—November— 1940	1939	Oct. 1940
No. of strikes	16	14	25
No. of strikers	3,646	4,863	7,609
Time loss*	15,994	36,351	19,830

*Man-working days.

Alberta Reports Drop in Surplus

$336,552 on Over-all Basis, Against $1.4 Million

Alberta reports a drop in overall surplus in the year ended March 31, 1940, to $336,552 compared with $1,366,417 in the previous year.

Revenue rose $140,223 from the preceding year to $24.4 millions, but expenditures increased by $679,564 to $21.9 millions. Net capital expenditures were up $490,524 to $2.2 millions.

Net funded debt was reduced in 1940-39 by $486,067 to $142.9 millions. Net funded and unfunded debt, less income assets, totalled $124.3 millions, a decrease of $1.6 million from the previous year.

Revenue and Expenditure
Years Ended March 31

Revenue:	1940 $	1939 $
Federal subsidy	1,767,475	1,781,788
Taxes	8,568,543	8,245,798
Licenses	2,812,114	2,544,532
Fees	2,917,950	2,785,111
Fines & penalties	87,495	68,742
Liquor profits	2,870,347	2,780,772
Refunds of exps.*	4,110,004	4,798,159
From revenue assets	1,184,594	1,205,699
Miscellaneous	71,519	59,216
	24,410,040	24,269,817
Expenditure:		
Debt charges	3,827,781	3,963,433
Education	2,868,399	2,703,832
Legislation	361,897	209,015
General government	2,239,903	1,903,168
Justice	758,048	783,724
Agriculture	573,602	501,510
Public domain	606,284	649,814
Public welfare‡	8,968,947	9,140,684
Highways	1,551,255	1,288,918
Miscellaneous	146,075	98,727
	21,922,189	21,242,625
Ordinary surplus	2,487,851	3,027,192
Net capital exp.	2,151,299	1,660,775
Over-all surplus	336,552	1,366,417

‡Includes relief costs.
*Includes grants from Dominion Government for old age pensions, unemployment relief, etc.

Debt Position
At March 31

	1940 $	1939 $
Funded debt	156,143,287	156,005,235
Less: Sinking fund	13,217,100	12,592,981
Net funded debt	142,926,187	143,412,254
Unfunded debt	8,573,072	14,785,089
Less: Cash of invest.	3,559,037	3,202,591
Net funded and unfunded debt	147,940,222	154,994,752
Less: Income assets	23,650,550	29,077,558
Net debt	124,289,672	125,917,194
Guaranteed debt*	9,253,229	9,125,131

*Liability after deducting sinking fund.

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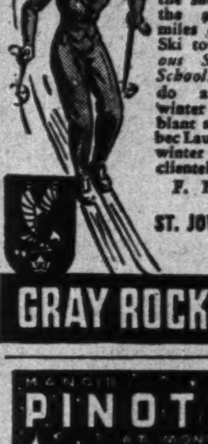
. . . here at Gray Rocks—in the Laurentians where skiing starts earlier, lasts longer, where the snow is deeper and the air brisker. 125 miles of trails. Jump. Ski tow. *And the famous Snow Eagle Ski School.* Do as thousands do annually — enjoy winter in the Mt. Tremblant sector of the Quebec Laurentians. All other winter sports. Restricted clientele.
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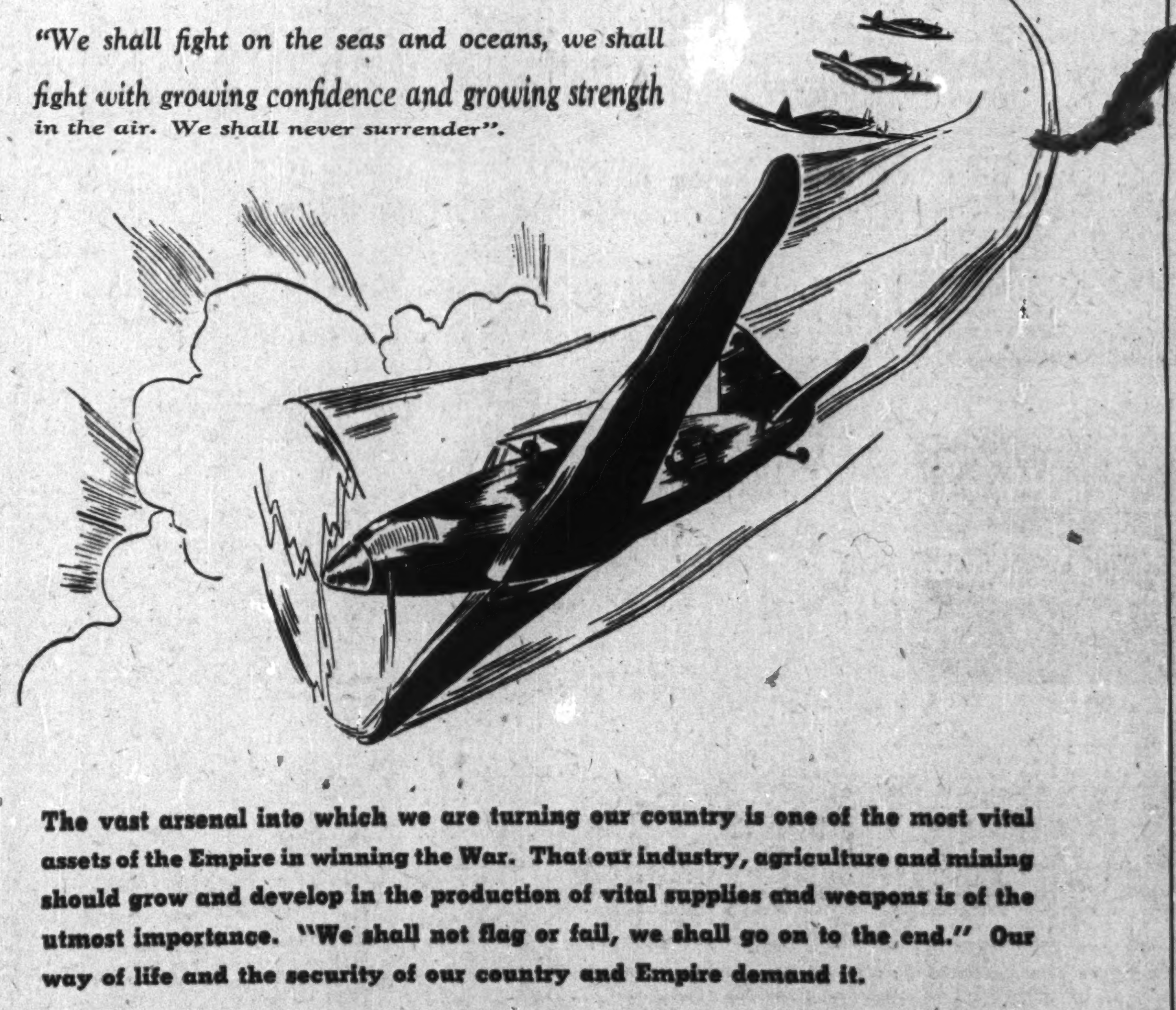
The vast arsenal into which we are turning our country is one of the most vital assets of the Empire in winning the War. That our industry, agriculture and mining should grow and develop in the production of vital supplies and weapons is of the utmost importance. "We shall not flag or fail, we shall go on to the end." Our way of life and the security of our country and Empire demand it.
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THE BANK OF TORONTO
Incorporated 1855
F. H. MARSH General Manager

THE WEEK'S QUOTATIONS

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING DECEMBER 21

Range 1940 High	Low	Div Dec 20 R'te $	Y'ld %		Sales	Last Dec. 16	Week end. Dec. 21 H	L	Cl'se
				A					
2.50	.50	.	...	Abitibi	830	.75	.75	.75	.75
17½	2	.	...	Do. pref. 6%	1256	7½	7½	6½	7½
33	5½	.	...	Do. pref. 7%	25	12½	10	10	10
6	3	.	...	Acme Glove	....	(— bid — asked)			
57	45	6.50	...	Do. pref.	....	(40 bid 50 asked)			
231	131	1	6.3	Ford Motor A	1938	16	16	16½	[illegible]
21½	14	1	5.6	Do. (B)	10	18	16½	[illegible]	[illegible]
.20	.05	.	...	For. Pr. Secs.	....	(— bid 15 [illegible])			
15½	6	½50c	..	Foundation Co.	240	13½	13	[illegible]	[illegible]
20	6	.	...	Fraser Cos.	40	10½	9	[illegible]	[illegible]
21½	7½	.	...	Do. Vot. Tr.	488	10½	10½	[illegible]	[illegible]
.50	.50	.	...	Freiman	....	(— bid — [illegible])			
41	25	.	...	Do. pref.	11	32	41	[illegible]	[illegible]
16½	9	80c	7.8	Gatineau Pwr.	250	10½	10½	[illegible]	[illegible]
97	79	5	5.7	Do. pref.	40	88	89	[illegible]	[illegible]

[illegible]

Mining Stocks

Week Ending December 21

[illegible]

Oil Stocks

[illegible]

Oil Quotations

Par Val.	Range 1940 High	Low	Company	Sales	High for week	Low for week	Close Dec. 21	
No	.08	.02½	East Crest	......	(.04 Dec. 12)			
No	.26	.15	Extension	......	(.16 bid .17½ asked)			
No	.40	.30	Federated Petrol.	500	.36	.34½	.34½	.34½
25c.	.08½	.05	Firestone	......	(.04 bid .05½ asked)			
No	1.05	.38	Foothills	......	(.65 bid .75 asked)			
25c.	.10	.10	Foundation Pete	......	(.... bid .... asked)			
No	.12	.08½	Four Star	......	(.... bid .12 asked)			
No	.17	.09	High Sarcee	......	(.11 bid .... asked)			
No	3.10	1.31	Home Oil	500	2.47	2.42	2.40	2.40
No	.03	.01½	Madison	......	(.01½ bid .... asked)			
No	.04½	.00¾	Marjon Oil	8,000	.02½	.02½	.01½	.01½
No	.15	.05½	McD. Segur Ex.	......	(.05½ bid .... asked)			
No	.07½	.03	Mercury	800	.04½	.04	.04	.04
No	.07½	.04	Mill City Pete	......	(.04 bid .... asked)			
1	.31	.12	Model	300	.15	.16	.16	.16
25c.	.08½	.04	Monarch Royal	1,000	.05	.04	.04	.04
25c.	.21	.05	National Pete	......	(.05 Nov. 9)			
1	.05	.04	Nordon	......	(.05 bid .... asked)			
No	1.31	.58	Okalta	1,000	.70	.72	.70	.70
No	.06½	.03	Pacalta Oil	1,000	.05	.04	.04	.04
1	.42	.19	Pacific Petroleum	1,222	.27	.25	.25	.25
25c.	.21½	.08	Prairie Royal	......	(.07½ bid .09 asked)			
No	.10½	.08	Royal Canadian	......	(.08½ bid .09 asked)			
No	.10½	.05	Royal Crest	......	(.07½ Sept. 25)			
No	30.00	17.50	Royalite	107	21.00	21.00	20.00	21.00
No	.07½	.03	South End	......	(.01½ bid .... asked)			
No	.60	.21	Southwest Pete	......	(.25 Sept. 11)			
1	.06	.02	Spooner	......	(.04½ Dec. 4)			
25c.	.38	.11½	Sunset Oil	......	(.10½ bid .... asked)			
No	.09	.03½	United	......	(.04 bid .05 asked)			
No	.07	.03½	Vanalta	......	(.04 bid .... asked)			
1	.63	.23	Vulcan	......	(.30 bid .40 asked)			
No	.05	.02	West Flank	......	(.02 Nov. 9)			

*Quotations for 1939.

Vancouver Stocks

[illegible]

Winnipeg Stocks

(Transactions from Dec. 16 to Dec. 21)

	Sales	High for period	Low for period	Close Dec. 21
Argosy	4,500	.07	.07	.07
Burns, A	20	3.50	3.50	3.50
Commercial Life Assur.	3	6.00	6.00	6.00
Flin Flon Gold	2,000	.01	.01	.01
Northern Can. Mtge., pf.	60	5.37	5.37	5.37
Ore Grande	1,000	.01½	.01½	.01½
Traders Finance, A com.	25	10.50	10.50	10.50
Sachigo River	75	2.75	2.63	2.63
United Grain Growers	45	9.00	8.00	8.00
Wingold	10,067	.08½	.08	.08
Western Steel	25	8.50	8.00	8.00

Stocks Not Traded in During Week*

	Bid	Asked		Bid	Asked
Beaver Fire	75		Dom. Envelope, p.	..	100
Beav. Lumber, c.	..	4	Federal Grain, p.	..	30
Do., pref.	99	100	Home Invest.	13	..
Can. Airways	1	...	Nor. Trusts	7	..
Can. Indemnity	150	..	Traders Bldg.	43	..
Cres. Cream., pf.	..	15	West. Brew.	1⅝	2
Dom. Envelope, c.	8	..	West. Grain, p.	..	7

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Dec. 23	4,400	[illegible]400	210,000	......
Dec. 21	5,700	1,200	18[illegible],000	23,800
Dec. 20	7,[illegible]00	3,20[illegible]	18[illegible],000	14,022
Dec. 19	9,000	6,800	258,000	4,803
Dec. 18	7,000	12,000	473,000	3,125

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

		Bid	Asked	Yield
4½	Nov. '59	109½	110½	b3.17
a4	Oct. '60	90½	91½‡	4.64
a3½	Jan. '61	81½	82½‡	4.58
3½	June '[illegible]	100½	101	b3.17
a3c	Jan. '67	78½	79½‡	4.30
a3c	Nov. '68	78½	80½	4.22
†3	Perpet'l	89	89½	3.34
Dominion Guarant'd Bonds				
Can. Nat'l. Railways:				
2	Feb. '43	100½	101½	1.41
2½	Jan. '46	99½	100½	2.12
3	May '44	103½	104	1.77
3	Dec. '50	99	100	3.00
3	Feb. '53	97½	98½	3.12
3	Jan. '59	97	98	3.15
*4½	Sept. '51	114½	115½	2.73
*4½	Feb. '56	115	116	3.16
3½	May '55	99½	100½	b3.20
*4	June '62	107	109	3.41
4½	June '50	109½	110½	3.18
*4½	Jan. '62	113	115	3.48
5	Oct. '48	111½	112½	3.15
*5	Dec. '60	119½	121½	3.50
5½	July '46	112	113	2.96
Ont. Hydro Commission:				
3	Aug. '48	99½	100½	b2.95
3½	Feb. '53	99½	100½	b3.15
3½	Apr. '47	102	103	2.98
Prince Edward Island:				
3	Oct. '45	95	97	3.69
Quebec:				
3	Nov. '47	94½	95½	3.74
3½	Mar. '48	95½	96½	3.80
c4½	Oct. '51	85	87	[illegible]
c4½	Mar. '60	78½	82½	[illegible]
5	Aug. '58	84½	88½	[illegible]
5½	Oct. '52	87	91	[illegible]
6	Mar. '52	90	94	[illegible]

*—Payable Can., N.Y. and £. b—Calculated to call date giving lowest possible yield. c—Payable Can. & N.Y. †—Payable N.Y. †—Callable on or after Sept. 15, 1966. ‡—Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e—Callable at a premium. ‡—N.Y. funds.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Dec. 23, 1940

Industrials:	Bid	Ask.
Acme Farm. D.	28	30
Andian National	27½	28½
Anglo C. Tel., A	8½	8½
Atlas Steel	18½	21
Barrymore, pfd.	28	..
Blue T. Brew. A	8½	..
B. C. Pulp, c.	17	18
Do., pfd.	68	70½
B. C. Sugar	73	76
B. C. Tel., 1st p.	110	115
Burns & Co., A	2½	3½
Do., B	1	2½
Can. Col. Air.	3½	4
Can. Co-op. Wl.	6½	8
C. I. L., A c.	212	..
Can. Ing. Rand	77	81
Can. Mot. L.A.B.	2½	..
Can. Tube, 1st p	81	..
Chase, A. W., p.	17	19
Claude Neon, p.	3	6
Colonial Steam.	16	17
Dom. Manuf., p.	60	65
Dunlop T. p. $25	23½	24½
Easy Wash. p $10	10	11
Goderich Elev.	8½	9½
Guard. Realty, p	15	18
Guelph Carp., p	105	..
Do., com.	20	..
Gurney Fdry., p	1½	1½
Hayes Steel, c.	9½	10½
Hi'land Dairy, p	46	55
Homewood San.	106	120
Inglis, John, c.	5½	7
Ingram & Bell	20	25
Kingston Sh. un	25	..
Loblaw Inc., c.	12½	13½
Minn. O. Pap.	4	4½
Morrison Br. un.	3½	6
M'row Screw, p.	100	..
Do., com.	10	..
Neilson, Wm., c.	9½	..
Do., pfd.	101	..
N. B. Tel., c.	14	..
N. Meth Ldy., p	53	58
Niag. L. A. Br.	50	60
Ont. Tobacco, p.	14	16
Pac. C. Term., c.	9	11
Paterson, Wm. p	101	..
Prov. Paper, pfd	105½	107
Ruddy, E. L. p.	21	25
Seal O Sac (Can.)	1	2½
Stand. Fuel, p.	59	65
Stedman, pf. $50	56	59
Tor. Carpet, c.	33	..
Do., pfd.	60	64
Un. F. Co-op.	2½	3½
Un. Steel, A pf.	22½	23½
Viceroy Mfg., p.	23½	25½
Do., com.	11½	15½
Trusts & Loan Stocks:		
Brit. Mtge.	128	..
Capital Tr.	27	31
Com. Fin., c.	2½	3
Grey & B. Tr. $50	43½	47
Guaranty Trust.	97½	102½
Guelph & O. $50	50	55
Lambton Loan	30	..
London & West.		35
Sherbrooke Tr.	120	..
Sterling Trust	56	..
Traders Fin. A c	10	11½
Do., A pfd.	94	..
Trusts & Gr., new	50	54
Victoria Trust	75	83
Insurance Stocks:		
Canada Life	385	397
Brit. Amer.	50½	56
Canadian Fire	78½	..
Confed. 30% pd.	135	148
Continental L.	35	..
Crown fully pd.	253	[illegible]
Dominion Fire	135	..
D. of Can. Gen.	120	12[illegible]
Empire 25% pd.	5½	[illegible]
Excelsior 36% pd	70	..
Federal 25% pd.	51	5[illegible]
Great-West Life	200	215
Halifax Fire	18	1[illegible]
Imperial Life	288	30[illegible]
Manufac. Life	228	..
Monarch Life	33	..
Sov. L. 25% pd.	12½	15
Sun Life	310	3[illegible]
Tor. General	5	5½
Wellington Fire	38	..
Western Assce.	40	44
Theatre Stocks:		
Allens, Kings. p	61	66
Do., London p	51	56
Do. St. Cath. p	51½	55
Do., Tor. p.	31	35
Mansf. Theat., p	26½	30
Para. Kitch., p.	51	55
Do., Oshawa, c	9	11
Investment Trust Shares:		
Can. Investors	5½	6
Deb. & Sec., pf.	58	..
Sec's. Hold., pf.	18	20
United Corp., A	20	..
Do., B	4	[illegible]
Power Issues:		
Can. W. N. Gas	24	..
Do., pfd.	102	..
Gt. Lakes Pr., p	101½	[illegible]
Int. Util., $1.75	11	..
Mtl. Is. Pwr. p.	21	..
Nor. Ont. Pr., p	70	80

Unlisted Mines

Toronto, Dec. 23, 1940

[illegible]

Montreal, December 23, 1940

[illegible]

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Dec. 23, 1940

	Rate	Due	Bid	Asked	Dec. 17
*Great L. Paper	5	'55	93	96	93
†Gypsum, Lime	5½	'48	98	101	99
Ham. By-Pr. C.	5	'55	101	...	101½
Inter-City Bak.	5½	'48	100	...	100
*Inter. P., Nfld.	4½	'68	89½	...	89½
Lake St. J. P.	5½	'61	91	94	89
Maple Leaf M.	3	'58	74	77	74
Massey-Harris	4½	'54	93½	96½	93½
McColl-Fron.	4½	'49	100½	103½	100½
McCormick's	4	'52	96	99	96½
Mercury Mills	5	'59	91½	94½	91½
*M. & O. Paper	6	'45	52	55	52½
Nat. Grocers	4	'47	100	...	100
N. S. Stl. & Co.	3½	'63	84	87	84
Price Bros.	5	'57	96	99	97
*Prov. Paper	5½	'47	105	...	105
Reliance Grain	4½	'52	94	97	94
†Restigouche Co.	6	'48	95½	98½	96
Rolland Paper	4½	'51	101	104	101½
Simpsons Ltd.	4½	'51	100½	103½	100½
Smith, Howard	4½	'51	103	106	103
*United Gas	5½	'48	103	...	103
United Gr. Grs.	5	'48	96	100	96
†Western Grain	6	'49	50	53	50

*Payable in Can. or U. S.
†Payable in Can., U. S. or U. K.
▲Payable in Can. or U. K.
*Payable in U. S. only.
♦Payable in Canada only.

Supplementary Bond and Stock Quotations

Furnished by Playfair, Cherry & Co., Toronto

Dec. 23, 1940

	Bid	Asked	Dec. 17
Hart Battery, com.	6.15	7.50	5.00
Ind. Accept., pref.	80.00	85.00	82.50
Int. Util., 1.75 pref.	16.25	18.75	12.75
Do., 3.50 pref.	34.25	38.00	32.50
Inv. Found. units	42.50	44.00	42.00
Loew's London, p.	2.60	3.50	2.50
Mid. Loan & Sav.	14.00	15.25	14.00
Moirs, 6% pref.	19.00	21.00	18.25
Mt. Royal, new c.	2.00	2.75	2.10
Do., old pref.	3.85	4.75	3.60
N. Amer. Elev., p.	51.00	....	50.50
Premier Trust	62.00	66.00	60.00
Prov. Bank	102.00	103.00	102.25
Tr. Fin. Inc. rts.	14.25	15.75	14.00
Trusts & Guar., old	25.25	26.50	25.00
Waterloo Mfg., new	1.00	1.50	.90
Waterloo Trust	100.00	103.00	100.50
West. Can. Hydro, p	11.00	12.25	11.15

*Payable U. S. and Can. funds. *Payable U. S. funds only. †Traded without accrued interest.

Investment Trusts

	Bid	Asked
Affiliated Fund	2.62	2.87
Can. Amer. Trust	3.13	3.55
Grouped Income	...	3.20
Trans-Canada	10.55	11.55

Municipal Bonds

Dec. 24, 1940

	Rate	Due	Bid	Asked	Yield
†Halifax	5	1961	110.00	114.00	4.00
Hamilton	5	1950	111.75	113.75	3.30
Montreal	5	1945	96.00	99.00	5.28
Ottawa	4½	1945	106.00	108.00	2.60
†Quebec	5	1959	106.00	110.00	4.21
Saint John	5	1950	102.00	105.00	4.33
†Toronto	4½	1955	110.75	112.75	3.35
†Vancouver	5	1950	98.00	101.00	4.88
Winnipeg	5	1944	101.00	104.00	3.68

†Payable Can. and N.Y.

Mining Dividends on Page 18

Annual Meetings

1940: Company	Place
Dec. 27—United Oils	Calgary
Dec. 30—Dom. Bakeries	Toronto
Dec. 30—Turner Val. Oil	Calgary
1941:	
Jan. 6—Maple Leaf Gardens	Toronto
Jan. 9—Montreal Telegraph	Montreal
Feb. 19—Shawinigan W. & Pr.	Montreal

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass, p.	$1.75	Jan. 2	Dec. 16
Amal. Electric	25c	Dec. 26	Dec. 10
Asbestos Corp.	15c	Dec. 31	Dec. 15
Do., bonus	15c	Dec. 31	Dec. 15
Alta. W. Pres., p.	$1.75	Jan. 2	Dec. 23
Anglo-Huronian	10c	Dec. 30	Dec. 16
Assoc. Brew., pref.	$1.75	Jan. 2	Dec. 14
Algoma Steel, pf.	$2.50	Jan. 1	Dec. 15
Amer. Cyan., A, B	†15c	Jan. 2	Dec. 12
Do., pref.	†12½c	Jan. 2	Dec. 12
Acme Glove, pf.	$3.25	Jan. 2	Dec. 18
Biltmore Hats	15c	Jan. 15	Dec. 31
Belding-Cort	$1	Jan. 2	Dec. 14
Do., pref.	$1.75	Jan. 2	Dec. 14
B. C. Elec. Pr., pf.	$1.50	Jan. 2	Dec. 20
Bralorne Mines	20c	Jan. 15	Dec. 31
Do., extra	10c	Jan. 15	Dec. 31
Brazilian Tr., p.	$1.50	Jan. 2	Dec. 14
Burlington Steel	15c	Jan. 2	Dec. 16
Bk. Nova Scotia	$3	Jan. 2	Dec. 16
Brit. Amer. Oil	25c	Jan. 2	Dec. 12
Beatty Bros., 2nd p.	$3.50	Jan. 2	Dec. 16
Bell Telephone	$2	Jan. 15	Dec. 23
Blue T. Brew., A	30c	Dec. 31	Dec. 15
B. C. Elec. Rly., pf.	2½%	Jan. 15	Dec. 31
B. C. Power, A	50c	Jan. 15	Dec. 31
Brant. Cord., p.	32½c	Jan. 15	Dec. 20
Brit. Mortgage	$4	Jan. 2	Dec. 14
Building Prod.	17½c	Jan. 2	Dec. 14
Do., extra	10c	Jan. 2	Dec. 14
Brockville Tr.	62½c	Jan. 2	Dec. 20
Do., extra	37½c	Jan. 2	Dec. 20
B. C. Telephone, p.	$1.50	Jan. 1	Dec. 16
Do., 2nd pref.	$1.50	Feb. 1	Jan. 17
Can. Bronze	37½c	Feb. 1	Jan. 20
Do., interim	50c	Feb. 1	Jan. 20
Do., pref.	$1.25	Feb. 1	Jan. 20
Can. & For. Secs.	6c	Feb. 1	Jan. 16
Can Converters	50c	Jan. 31	Jan. 10
Carnation, pfd.	†$1.25	Jan. 2	Dec. 14
Carnation, com.	†50c	Jan. 2	Dec. 14
Do., extra	†$1	Dec. 20	Dec. 14
Can. Amer. Tr. Sh.	0.072	Dec. 31	Coup. 21
Cent. Can. Loan	$2	Jan. 2	Dec. 16
Canada Bread, pf.	$1.25	Jan. 2	Dec. 16
Do., B, pref.	62½c	Jan. 2	Dec. 16
Can. Celanese	25c	Dec. 31	Dec. 17
Do., extra	40c	Dec. 31	Dec. 17
Do., pref.	$1.75	Dec. 31	Dec. 17
Do., Inc. Fd. rts.	$1	Mar. 15	Dec. 31
Can. Light & Pr.	50c	Jan. 15	Dec. 26
Can. Pac. Rly., pref.	2%	Feb. 1	Jan. 1
Can. Canners	12½c	Jan. 2	Dec. 14
Do., pref	25c	Jan. 2	Dec. 14
Do., participating	5c	Jan. 2	Dec. 14
Do., 2nd pref.	15c	Jan. 2	Dec. 14
Do., participating	5c	Jan. 2	Dec. 14
Canada Cycle	30c	Jan. 2	Dec. 10
Do., extra	20c	Jan. 2	Dec. 10
Do., pref.	$1.25	Dec. 26	Dec. 10
Canada Life	$5	Jan. 2	Dec. 31
Can. Nor. Power	■25c	Jan. 25	Dec. 31
Do., pref.	■$1.75	Jan. 15	Dec. 31
Can. Perm. Mtge.	$2	Jan. 2	Dec. 14
Can. Cottons	$1	Jan. 2	Dec. 13
Do., pref.	$1.50	Jan. 2	Dec. 13
Chartered Trust	$1	Jan. 2	Dec. 16
Consumers' Gas	$2.50	Jan. 2	Dec. 14
Canada Packers	75c	Jan. 2	Dec. 6
Cariboo Gold	4c	Jan. 2	Dec. 3
Do., extra	2c	Jan. 2	Dec. 3
Can. Breweries, pf.	75c	Jan. 2	Dec. 14
Can. For. Invest., p.	$2	Jan. 1	Dec. 15
Canadian Oil, pf.	$2	Jan. 2	Dec. 20
Can. West'ghouse	■87½c	Jan. 1	Dec. 16
Can. Wire Box, A	37½c	Jan. 2	Dec. 16
Cel. of Am. pr. pf.	†$1.75	Jan. 1	Dec. 17
Do., part. pfd.	†$3.50	Dec. 31	Dec. 17
Can. Gen. Elec.	$2	Jan. 2	Dec. 14
Can. Indemnity	$3	Jan. 2	Dec. 20
Do., bonus	$2	Jan. 2	Dec. 20
Canadian Fire	$2	Jan. 2	Dec. 20
Confederation Life	$1.50	Dec. 31	Dec. 25
Cons. Smelters	50c	Dec. 31	Nov. 30
Do., extra	75c	Dec. 31	Nov. 30
Can. Indust., A, B	$1.75	Dec. 20	Dec. 14
Do., pref.	$1.75	Jan. 15	Dec. 31
Chartered Trust	$1	Jan. 2	Dec. 16
Cent. Patricia	4c	Jan. 2	Dec. 12
Do., extra	2c	Jan. 2	Dec. 12
Com. Alcohol, pf.	10c	Jan. 15	Dec. 31
Coronation Rylts.	1½c	Dec. 31	Dec. 20
Can. Wineries	15c	Jan. 9	Dec. 19
Cons. Bakeries, ord.	25c	Jan. 2	Dec. 18
Can. South. Rly.	$1.50	Feb. 1	Dec. 27
Canada Trust	$3	Jan. 2	Dec. 14
Can. Bk. of Com.	$2	Feb. 1	Dec. 31
Can. Gen. Invest.	12½c	Jan. 15	Dec. 31
Crown Life	3%	Jan. 2	Dec. 31
Dominion Fire	$3	Jan. 2	Dec. 31
Do., extra	$2	Jan. 2	Dec. 31
Dom. Oilcloth	30c	Jan. 31	Jan. 15
Do., extra	10c	Jan. 31	Jan. 15
de Havilland Air., p.	$7	Dec. 28	Dec. 16
David & Frere, A	25c	Dec. 31	Dec. 16
Dom. Textile	$1.25	Jan. 2	Dec. 14
Do., pref.	$1.75	Jan. 15	Dec. 31
Deb. & Secs., pref.	$2.50	Jan. 1	Dec. 23
Dominion Bank	$2.50	Feb. 1	Jan. 20
Dominion Coal, pf.	38c	Jan. 2	Dec. 14
Dome Mines	■50c	Jan. 20	Dec. 31
Do.,	■50c	Apr. 21	Mar. 31
Dom. Foundries, c.	25c	Jan. 2	Dec. 20
Dom. Glass	$1.25	Jan. 2	Dec. 16
Do., pref.	$1.75	Jan. 2	Dec. 16
Dom. Woollens, pf.	▲60c	Jan. 2	Dec. 14
Dunlop Tire	50c	Dec. 27	Dec. 16
Do., pref.	62½c	Dec. 31	Dec. 16
Easy Wash., pf.	17½c	Jan. 2	Dec. 20
East Steel, pf.	25c	Jan. 2	Dec. 16
Eastern Trust	$2	Jan. 2	Dec. 20
Excelsior Life	•4%	Jan. 2	Dec. 30
East. Theatres, p.	$3.50	Dec. 31	Dec. 31
Eastern Steel, c.	$1	Feb. 1	Jan. 15
East. Can. Sav.	$2.50	Jan. 2	Dec. 20
Ensign Ins.	$1.50	Jan. 2	Dec. 30
Four Star Pete.	1c	Jan. 15	Jan. 2
Famous Players	25c	Dec. 27	Dec. 17
Foundation Co.	25c	Jan. 18	Dec. 31
Foundation Pete.	1c	Dec. 31	Dec. 20
Fr. & For. Inv. p	†$1.62½	Jan. 1	Dec. 31
General Trust, p.	$1.25	Jan. 15	Dec. 31
Grey & Bruce Tr.	2%	Dec. 20	Dec. 31
Do., extra	½%	Dec. 20	Dec. 31
Gatineau Pwr., p.	$1.25	Jan. 1	Nov. 30
Do., 5½% pref.	$1.38	Jan. 1	Nov. 30
Do., com.	20c	Dec. 31	Nov. 30
Greening Wire	15c	Jan. 2	Dec. 16
Gt. L. Pap., A, B, p.	50c	Dec. 31	Dec. 21
Goodyear Tire	63c	Jan. 2	Dec. 14
Do., pref.	62½c	Jan. 2	Dec. 14
Great-West Life	$3.75	Jan. 2	Dec. 20
Goderich Elev.	25c	Jan. 2	Dec. 14
Gould Pumps,	†$4	Dec. 30	Dec. 20
Gt. Lakes Pwr., p.	$1.75	Jan. 15	Dec. 31
Gt. West Sadd., p.	75c	Jan. 2	Dec. 26
Guaranty Trust	$1.25	Jan. 15	Dec. 31
Guar. of N. Amer.	$1.50	Jan. 15	Dec. 31
Do., extra	$2.50	Jan. 15	Dec. 31
Guelph & Ont. Inv.	$1.50	Jan. 2	Dec. 20
Guelph Trust	$1.25	Jan. 2	Dec. 20
Halifax Fire	50c	Jan. 2	Dec. 10
Harding Carpets	10c	Jan. 2	Dec. 17
Do., extra	5c	Jan. 2	Dec. 17
Hart Battery	10c	Dec. 31	Dec. 10
Do., extra	15c	Dec. 31	Dec. 10
Ham. Cotton, pf.	50c	Jan. 2	Dec. 14
Do., arrears	$1.25	Jan. 2	Dec. 14
Ham. Un. Theat., p.	$1.25	Dec. 31	Nov. 30
Hollinger Cons.	5c	Dec. 31	Dec. 16
Do., extra	5c	Dec. 31	Dec. 16
Honey Dew	50c	Jan. 2	Dec. 14
Hudson's Bay, pf.	2½%	Jan. 1	Nov. 30
Huron & E. Mtge.	1%	Jan. 2	Dec. 14
Howey Gold	3c	Dec. 31	Nov. 30
Indust. Accept., A	25c	Dec. 31	Dec. 26
Do., pref.	$1.25	Dec. 31	Dec. 26
Indust. Mtge.	$1	Jan. 2	Dec. 15
Imp. Tobacco, ord.	10c	Dec. 31	Dec. 6
Inter. Nickel, c.	50c	Dec. 31	Dec. 2
Inter. Nickel, pf.	†$1.75	Feb. 1	Jan. 2
Int. Paints, pfd.	$1	Jan. 10	Dec. 11
Do., arrears	25c	Jan. 10	Dec. 11
Int. Pap. & Pr., pf.	†$1.25	Dec. 28	Dec. 20
Do., arrears	†$1.25	Dec. 28	Dec. 20
Inter. Power, pf.	$1.75	Jan. 2	Dec. 14
Invest. Found., pfd.	75c	Jan. 15	Dec. 31
Imperial Bank	$2.50	Feb. 1	Dec. 31
Intercol. Coal, pf.	$4	Jan. 2	Dec. 21
Do., com.	$3	Jan. 2	Dec. 21
Do., extra	$1	Jan. 2	Dec. 21
Inter. Milling, p.	†$1.25	Jan. 15	Jan. 3
Inter. Mining	†10c	Dec. 27	Dec. 23
Inter. Metal, pf.	$1.50	Feb. 1	Jan. 15
Do., pref., A	$1.50	Feb. 1	Jan. 15
Inter. Util., pf.	†87½c	Feb. 1	Jan. 20
Do., $1.75 pf.	†▲$1.81¼	Jan. 15	Jan. 6
Jam. Pub. Serv.	17c	Jan. 2	Dec. 20
Do., pref.	$1.75	Jan. 2	Dec. 20
Lava Cap Gold	†8c	Dec. 24	Dec. 17
Landed Bank.	$1	Jan. 2	Dec. 14
Lamaque Gold	10c	Jan. 1	Dec. 6
Levy Bros., c.	15c	Dec. 27	Dec. 12
Lang, J. A.	17½c	Jan. 2	Dec. 15
Lambton Loan	$1	Jan. 2	Dec. 15
Mtl. L., H. & Pr.	38c	Jan. 31	Dec. 31
Manufacturers Life	$6	Jan. 2	....
Mer. Transp. F., p.	3%	Dec. 31	Dec. 20
Mansfield Th., pfd.	$1.75	Dec. 30	Dec. 20
Mitchell, J. S., p.	$1.75	Jan. 2	Dec. 16
McColl-Fron., p.	$1.50	Jan. 15	Dec. 31
McManus Pete.	30c	Jan. 3	Dec. 26
Do., pref.	30c	Jan. 3	Dec. 26
Midland Loan	40c	Jan. 2	Dec. 14
Moneta Porc.	3c	Jan. 15	Dec. 31
Mount Zeballos G.	▲10c	Dec. 28	Dec. 16
Moore Corp.	†50c	Jan. 2	Dec. 7
Do., extra	†60c	Jan. 2	Dec. 7
Do., A, B, pref.	†$1.75	Jan. 2	Dec. 7
McIntyre Porc.	$1.11	Jan. 2	Nov. 1
Modern Contain.	20c	Jan. 1	Dec. 20
Do., extra	10c	Jan. 1	Dec. 20
Do., pref.	$1.37½	Jan. 1	Dec. 20
Mtl. C. & D. Bank	$3	Jan. 2	Dec. 14
Do., extra	$1	Jan. 2	Dec. 14
Montreal Tele.	55c	Jan. 15	Dec. 31
Monarch Life	$1.20	Jan. 2	Dec. 17
National Trust	$2	Jan. 2	Dec. 20
Niag. W. Weav.	50c	Jan. 2	Dec. 13
N. S. Lt. & Pr., ord.	$1.50	Jan. 2	Dec. 14
Naybob Gold	▲1c	Jan. 15	Jan. 1
Do	1c	Apr. 15	Apr. 1
Nat. Grocers, pf.	37½c	Jan. 1	Dec. 14
Nat. Biscuit	†40c	Jan. 15 '41	Dec. 13
Nat. Steel Car	50c	Jan. 15	Dec. 31
North Star Oil, p.	8¾c	Jan. 2	Dec. 16
Nat. Breweries	50c	Jan. 2	Dec. 14
Do., pref.	[illegible]	Jan. 2	Dec. 14

DIVIDEND NOTICES

Imperial Bank of Canada

DIVIDEND No. 202

Notice is hereby given that a Dividend of two and one-half per cent (2½%) has been declared for the quarter ending the 31st January, 1941, payable at the Head Office and Branches on and after Saturday, the 1st day of February, next, to shareholders of record of 31st December, 1940.

By order of the Board.

H. T. JAFFRAY, General Manager.

Toronto, 11th December, 1940.

The Shawinigan Water and Power Company

NOTICE is hereby given that a dividend of twenty-three (23c) cents per share has been declared on the no par value common shares of the Company for the quarter ending December 31, 1940, payable February 25, 1941, to shareholders of record January 25, 1941.

By Order of the Board,

H. G. BUDDEN, Secretary and Assistant Treasurer.

Montreal, December 18, 1940.

The Steel Company of Canada Limited

STELCO

PREFERENCE DIVIDEND NO. 118

Notice is hereby given that a dividend of forty-three and three-quarters cents (43¾c) per share on the Preference Shares of the Company has been declared for the quarter ending December 31, 1940, payable February 1, 1941, to shareholders of record at the close of business January 7, 1941.

By Order of the Board.

H. S. ALEXANDER, Secretary.

Hamilton, Canada, December 18, 1940.

The Steel Company of Canada Limited

STELCO

ORDINARY DIVIDEND NO. 96

Notice is hereby given that a dividend of forty-three and three-quarters cents (43¾c) per share on the Ordinary Shares of the Company has been declared for the quarter ending December 31, 1940, payable February 1, 1941, to shareholders of record at the close of business January 7, 1941.

An additional dividend has also been declared payable at the same time, and same date of record, of $2.00 per share on the Ordinary shares, equalizing the dividends heretofore paid on the Ordinary and the Preference Shares of the Company.

By Order of the Board.

H. S. ALEXANDER, Secretary.

Hamilton, Canada, December 18, 1940.

Dividends Declared (Cont'd)

	This payment	Date payable	Date of record
North. Emp. Mines	10c	Dec. 27	Dec. 13
New Eng. Pr. p.	†$1.50	Jan. 2	Dec. 20
Do., 2nd pfd.	†50c	Jan. 2	Dec. 20
North Am. Elev., p.	$1.75	Dec. 1	Dec. 20
Ogilvie Flour, c.	25c	Jan. 2	Dec. 17
Ont. Loan & Deb.	$1.25	Jan. 2	Dec. 16
Ottawa Elec.	30c	Dec. 30	Dec. 16
Ottawa L. H. Pr.	25c	Jan. 1	Nov. 23
Do., pref.	$1.25	Jan. 1	Nov. 23
Porto Rico Pwr., p.	$1.75	Jan. 2	Dec. 14
Power Corp.	15c	Feb. 1	Dec. 31
Do., pref.	$1.50	Jan. 15	Dec. 31
Do., 2nd pref.	75c	Jan. 15	Dec. 31
Preston E. Dome	5c	Jan. 15	Dec. 31
Do., extra	5c	Jan. 15	Dec. 31
Pioneer Gold	10c	Jan. 2	Nov. 30
Pickle Crow	10c	Dec. 31	Dec. 16
Page-Hersey	$1.25	Jan. 2	Dec. 16
Price Bros., p.	$1.37½	Jan. 2	Dec. 21
Do., arrears	*$1.37½	Jan. 2	Dec. 21
Prov. Paper, pfd.	$1.75	Jan. 2	Dec. 15
Premier Gold	3c	Jan. 15	Dec. 26
Premier Trust	$2	Dec. 31	Dec. 20
Quebec Power	25c	Feb. 25	Jan. 25
Remington Rand	†20c	Jan. 2	Dec. 10
Do., pref.	†$1.12½	Jan. 2	Dec. 10
Real Est. Loan	$1	Jan. 2	Dec. 17
Regent Knit.	25c	Dec. 30	Dec. 14
Do., pref.	40c	Dec. 30	Dec. 14
R. S. Mills, A	50c	Jan. 2	Nov. 19
Russell Indust.	20c	Dec. 26	Dec. 10
Do., pref.	$1.75	Dec. 26	Dec. 10
Stedman Bros.	15c	Jan. 2	Dec. 20
Do., pref.	75c	Jan. 2	Dec. 20
Sun Life Assur.	$3.75	Jan. 1	Dec. 16
Sterling Trusts	$1.50	Jan. 2	Dec. 20
Sher.-Williams, pf.	$3.50	Jan. 2	Dec. 15
Sylvanite Gold	†5c	Dec. 28	Nov. 6
Do., extra	†5c	Dec. 28	Nov. 6
South. Can. Pr.	20c	Feb. 15	Jan. 31
Do., pref.	$1.50	Jan. 15	Dec. 20
Silbak Premier	1c	Jan. 25	Jan. 3
Shawinigan W.	23c	Feb. 25	Jan. 25
Stand. Chemical	50c	Jan. 31	Dec. 31
Steel of Can.	43¾c	Feb. 1	Jan. 7
Do., pref.	43¾c	Feb. 1	Jan. 7
St. J. Drydock, pf.	1.37½	Jan. 2	Dec. 23
St. Law. Corp., A	25c	Jan. 15	Jan. 2
St. Law. Paper, p.	50c	Jan. 15	Jan. 2
Supersilk H., pf.	$2.50	Jan. 2	Dec. 13
Supertest P., c. ord.	50c	Jan. 2	Dec. 13
Do., extra	25c	Jan. 2	Dec. 13
Do., B, pref.	75c	Jan. 2	Dec. 13
Sangamo Co.	■50c	Dec. 26	Dec. 23
Securities Hold., p.	65c	Jan. 2	Dec. 20
Sheep C. Gold	4c	Jan. 15	Dec. 31
Smith, H. Pap., p.	$1.50	Jan. 15	Dec. 31
Spud Val. G.	2c	Jan. 10	Dec. 31
Stand. Fuel, pf.	$1	Jan. 1	Dec. 14
Teck-Hughes	■10c	Jan. 1	Dec. 6
Tamblyn	20c	Jan. 2	Dec. 12
Do., pref.	62½c	Jan. 2	Dec. 12
Toburn G. extra	4c	Dec. 27	Dec. 10
Toronto Mortgage	$1.25	Jan. 2	Dec. 14
Tor. Gen. Trusts	$1	Jan. 2	Dec. 14
Traders Fin., A. rts.	$1	Jan. 2	Dec. 16
Do., B, rights	$1	Jan. 2	Dec. 16
Do., pref.	$1.50	Jan. 2	Dec. 16
Do., pref.	$1.75	Jan. 2	....
Tip Top Tailors	15c	Jan. 2	Dec. 20
Do., pref.	$1.75	Jan. 2	Dec. 20
Thayers, pref.	$2.50	Jan. 1	Dec. 24
Tuckett Tob., pf.	$1.75	Jan. 15	Dec. 31
United Bond & S.	15c	Jan. 15	Dec. 31
United Fuel, A pfd.	75c	Jan. 2	Dec. 20
Viau, pref.	$1.25	Jan. 2	Dec. 20
Western Assur., pf.	$1.20	Jan. 2	Dec. 31
Weston, Geo., pf.	$1.25	Feb. 1	Jan. 15
Wood, A. & J., p.	$1.75	Feb. 1	Jan. 14
Wabasso Cotton	50c	Jan. 2	Dec. 21
Weston, Geo., c.	20c	Jan. 2	Dec. 12
Western Grocers	75c	Jan. 15	Dec. 20
Do., pref.	$1.75	Jan. 15	Dec. 20
West. Koot. Pr., pf.	$1.75	Dec. 31	Dec. 16
Wilsil	25c	Jan. 2	Dec. 14
Wr.-Hargreaves	11.1c	Jan. 2	Nov. 20
Do., extra	5.55c	Jan. 2	Nov. 20
Do., interim	11.1c	Jan. 20	Dec. 2

†Payable in U. S. funds.

■Subject to approval by Foreign Exchange Control Board.

▲Initial. ‡On arrears. •Increased to 38% paid along with this payment.

§Subject to approval by Securities and Exchange Commission.

*Arrears eliminated after Jan. 2/41 payment.

DIVIDEND NOTICES

The Dominion Bank

Dividend No. 233

Notice is hereby given that a dividend of two and one-half per cent upon the paid up Capital Stock of this Institution has been declared for the quarter ending 31st January, 1941. The dividend will be payable at the Head Office of the Bank and its Branches on and after Saturday, the 1st day of February, 1941, to shareholders of record of the 20th January, 1941.

By Order of the Board.

ROBERT RAE, General Manager.

Toronto, 12th December, 1940.

The Canadian Bank of Commerce

Dividend No. 216

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st January, 1941, and that the same will be payable at the Bank and its Branches on and after Saturday, 1st February next, to shareholders of record at the close of business on the 31st December, 1940. The Transfer Books will not be closed.

By Order of the Board,

A. E. ARSCOTT, General Manager.

Toronto, 13th December, 1940.

The Toronto Mortgage Company

Quarterly Dividend

Notice is hereby given that a dividend of $1.25 per share, upon the paid-up Capital Stock of this Company, has been declared for the current Quarter, and that the same will be payable on and after

2nd January, 1941

to Shareholders of record on the books of the Company at the close of business on 14th instant.

By order of the Board,

WALTER GILLESPIE, Manager.

5th December, 1940.

DIVIDEND Chartered Trust and Executor Company

NOTICE is hereby given that a dividend of 1% has been declared on the paid-up Capital Stock of Chartered Trust and Executor Company for the quarter ending December 31st, 1940, payable January 2nd, 1941, to shareholders of record at the close of business December 16th, 1940.

By Order of the Board.

E. W. McNEILL, Secretary.

Dated at Toronto, November 21st, 1940.

Provincial Paper Limited

Notice is hereby given that Regular Quarterly Dividend of 1¾% on Preferred Stock has been declared by PROVINCIAL PAPER LIMITED, payable January 2nd, 1941, to Shareholders of record as at close of business December 15th, 1940, in Canadian funds.

W. S. BARBER, Secretary-Treasurer.

Toronto, Ont.

Guaranty Trust Company of Canada

QUARTERLY DIVIDEND

NOTICE is hereby given that a dividend of 1¼%, being at the rate of 5% per annum, on the paid-in capital stock of the Company has been declared for the quarter year ending December 31st, 1940, payable January 15th, 1941, to shareholders of record at the close of business December 31st, 1940.

By Order of the Board.

J. WILSON BERRY, General Manager.

NOTICE BILTMORE HATS LIMITED

NOTICE is hereby given that a dividend of Fifteen cents per share on the outstanding Common Shares of the Company will be payable on the 15th of January, 1941, to shareholders of record the 31st of December, 1940, at 3 p.m.

By Order of the Board.

(Signed) WM. F. FRANKE, Secretary-Treasurer.

Guelph, Ont., December 17th, 1940.

Electric Refrigerator October Sales Down

From Our Own Correspondent

MONTREAL.—Sales of household refrigerators in Canada during October decreased to 1,790 units from 2,597 in the same month last year, according to the National Electrical Manufacturers Association. In the first 10 months of the year, however, sales were up 8,016 from the same period last year to 55,704 units.

MONTREAL CURB MEMBER

From Our Own Correspondent

MONTREAL.—Guy E. Leslie has been elected a member of the Montreal Curb Market, it is announced.

Mr. Leslie is associated with Johnston & Ward, having become a resident partner of that firm in Halifax in 1923. He has resided in Montreal since 1935.

CANADIAN GENERAL INVESTMENTS LIMITED

Dividend Notice

NOTICE is hereby given that a dividend of Twelve and One-half Cents (12½c) per share on the paid-up capital stock of the Company has been declared to shareholders of record Dec. 31, 1940, payable Jan. 15, 1941.

SHARE WARRANT holders will present Coupon No. 50 at the Main Office of the Bank of Montreal in Victoria, Vancouver, Calgary, Edmonton, Winnipeg, Montreal, Halifax, St. John, or at the King and Yonge Streets Branch, Toronto, where payment will be made at par.

By order of the Board.

E. M. STRAIN, Secretary.

320 Bay St., Toronto, Ontario.

Wanted: Kingston Shipbldg. Units A. W. Chase Units Canada Wire pref. Toronto Carpet Barrymore Cloth Ontario Tobacco

A. J. Pattison, Jr. & Co.

Established 1907

Royal Bank Bldg. EL. 5101 Toronto

THIRD FLOOR

Business Leaders Forecast 1941

(Continued from page 12)

would be calculated to go a long way to restoring general prosperity in the long-time depressed West. The very abundance of the crop has, however, presented problems of storage and marketing—and the necessity of establishing quotas regulating delivery of grain has had its effect on slowing up business.

It is true also that while we have harvested the second largest wheat crop in our history, the estimated total agricultural revenue of the country is lower than the previous year due to losses in other crops as a result of the unfavorable harvesting weather in the East.

However, the trend toward greater mechanization on the farm continues with even added emphasis because of the actual and potential shortage of farm labor through enlistment in the fighting forces and absorption into war industries. This trend, together with the generally improved economic conditions which have their influence on the farmer, and depending on a favorable wheat policy and satisfactory crop conditions, leads us to face 1941 with healthy expectations, with perhaps an ear close to the ground.

• • •

A. N. Mitchell

President, Canada Life Assurance Co.

It is impossible to say just what 1941 has in store for life insurance. It can be said, however, from a sales angle, that the public attitude is very favorable, that the market appears to have widened considerably and that the need for it has never been greater.

Widespread improvement in employment and general business conditions during 1940 should be the forerunner of still greater activity as Canada's war effort swings into ever-increasing production. Despite higher taxation and some increase in the cost of living, this should mean that the market for life insurance in Canada has been broadened.

The need for life insurance has been intensified, since it is increasingly the only effective way in which the average man can provide for his future and the future of those who look to him for support. Higher taxes make sufficient savings by other methods more difficult than before, but in most cases leave an adequate sum to secure the desired protection through the installment plan provided by life insurance. Moreover, a man is not prevented from taking a definite part in Canada's war effort while acquiring protection in this way, since many of his invested dollars will be so used.

• • •

H. E. Sellers

President, Alberta Pacific Grain Co. and Federal Grain Ltd.

The war has intensified Canada's wheat problem. Many of our remaining markets have been cut off due to the British blockade against conquered nations now under the control of the Axis powers. Indications are that Canada will have a carryover of from 500 to 550 millions of bushels of wheat at the end of the current crop season, July 31, 1941. Elevator companies have built 80 million bushels of temporary storage space in recent months in order that farmers might deliver the 1940 crop and obtain the Government Wheat Board advance of 70 cents per bushel, basis One Northern delivered at Fort William. This action on the part of the elevator companies has placed more than $50 millions in circulation which otherwise would have been tied up in farm bins.

Canada has a great problem to face in 1941 in dealing with wheat. Virtually all existing storage space will be filled to capacity when the 1941 crop is harvested. If the economy of western Canada, which is built on wheat, is to be maintained, markets must be found for our wheat crop. The real solution lies in our winning the war and a return to free international exchange of goods. This road may be long and arduous. In the meantime everything possible should be done in putting chemists to work in seeking new edible and industrial uses for our wheat crops. Industrial uses have been found for millions of bushels of corn and soybeans. Properly directed research can and will find new uses for wheat. A western division of the National Research Council, dedicated to research into finding new edible and inedible uses for farm products, would prove a step in the right direction in seeking partial solution of the wheat problem.

• • •

V. R. Smith

General Manager, Confederation Life Association.

A greatly increased circulation of money in 1940, due to increased expenditures on account of war services, should result in greater sales of life insurance in 1941. The increased sales are likely to come from the young men, single and married, from business and professional men and from business women.

It is anticipated that large income earners, who will of a certainty be called upon to contribute greater amounts to the Government through income tax, will desire to find ways and means of maintaining the volume of their estates. This can be arranged through life insurance.

Further, the citizen who invests his savings in life insurance in 1941 will have the satisfaction of knowing that he is assisting in a very material way in Canada's war effort. The life companies have been and will continue to be substantial subscribers to our war loans.

The war has brought new and complex problems, such as regulations restricting transactions with enemy policyholders, currency regulation of the Foreign Exchange Control Board and extra premiums for a new variety of war risks. However, these and other problems have been relatively simple of solution and in the life insurance world life in the main has gone on as usual.

The insurance companies have cooperated with the military authorities to give Canada's soldiers standard insurance. Substantial amounts of insurance are now owned by soldiers, many of whom did not have any at the outbreak of war.

To those companies operating in Great Britain, the response of their sales staffs in the United Kingdom has been remarkable and our kinsmen overseas fill us with admiration. In spite of bombings, or disruption of business, and of enlistments in the armed forces of the Crown, new business continues to be sold in the U. K. at a level not far short of that of 1939 and business in force increases.

• • •

A. L. Searle

President, Searle Grain Co.

And now we have another large wheat surplus, and again recommendations are being made that artificial methods should be used, such as control of acreage, to get rid of it. For my own part, however, once again I am bold enough to believe that this surplus may well prove to be a blessing to us, for even today we are told there are millions of people in China and in Europe, and in areas where transportation can reach them, who badly need this wheat, but the war interferes; when this war ends, therefore, it seems there will be a great need for all the wheat Canada and the world can spare.

I believe this is true for another reason, which is that in all the world's history, as far as I can find, it has never been found necessary to destroy one single bushel of wheat, and there are good grounds for thinking, furthermore, that there never has been a single year in the whole history of mankind where the foodstuffs produced were sufficient to supply the daily needs of all the people of the world.

The only real problem facing the wheat industry is simply, I believe, to develop ways and means of making surplus production available to those people in other parts of the world who badly need additional food, and this policy and action I for one feel should not at all be beyond the ability of our statesmanship.

Week in Wheat

Storage Jam Looming Early in Coming Year

Little Prospect of Relief Before Opening of Spring Navigation Without Additional Space — Visible Approaches 500 Million Bushels

From Our Own Correspondent

WINNIPEG.—Wheat continues to flow into country elevators at a rapid rate. Before the present movement comes to an end, owing to filling up of all available country and terminal elevator space, well over 300 million bushels will have been delivered by farmers from the current crop. When that stage is reached, probably about the middle of January, there will have to be a pause in farmers' deliveries until prospective opening of navigation in the spring makes it possible to resume heavy shipments out of country elevators to the head of the lakes.

Canadian visible supply has been steadily mounting and at the beginning of 1941 will be not far short of 500 million bushels. Probably 525 millions will represent the practical maximum until more temporary storage must be constructed.

To Limit Deliveries

The Advisory Committee of the Canadian Wheat Board is understood to be struggling with recommendations to be made to the Government with respect to wheat policy on the 1941 crop. No publicity about discussions is expected, and it is supposed that any conclusions reached will be transmitted privately to the Government. However, one safe prediction would appear to be that no body constituted as this committee, with a large representation from the West, could be brought to make any recommendation for any compulsory reduction of wheat acreage.

That would be contrary to the opinions held by the majority of western farmers, and expressed by representative farm organizations. On the other hand there is general recognition of the fact that space for delivery of next year's crop is almost certain to be limited, and there will be no opposition to restricting deliveries to proportions to the space available. That is recognized as inevitable.

• • •

Basis 1940 Acreage

There may be accepted also as inevitable the idea which has been discussed publicly, namely that next year's quota deliveries should not be based on acreage seeded to wheat in 1941, but rather that on 1940. Such a step, if announced early, instead of providing farmers with an incentive to maintain former acreages, in order to protect their delivery position, would provide them with an incentive to transfer land to other use than wheat. It seems to be taken for granted that a fairly large transfer of acreage can be made from wheat to feed grains, and that western farmers will largely expand production of livestock and dairying. They will not go in for cheese, as western conditions are not adapted to delivery of whole milk to cheese factories, but they can produce a great deal more cream for manufacture into butter.

• • •

Suggest Higher Price

Suggestions are being made that there should be an increase in the basic wheat board price, on account of the small delivery prospects for wheat next year. To make that possible an increase has been suggested in the processing tax on wheat for domestic consumption from 15 to 50 cents a bushel. This would make the basic price for domestic milling approximately $1.25 a bushel, which would involve some increase in the price of bread. Many farmers want a considerable advance in the price paid on the first 1,000 or 1,500 bushels of wheat from any farmer, leaving the rest of a farmer's production to be taken by the wheat Board at a lower price, or perhaps to be held or marketed by the farmer at his own risk. But before any such plan could be recommended, a good deal would probably be heard in defense of the large farmers.

• • •

Additional Storage

One problem which the Advisory Committee will have to face is the extent to which additional public storage is required to handle the present crop, as well as to provide a margin of working space for next year's crop. That in turn is complicated by consideration of possible plans for encouraging increased storage by farmers. That can be encouraged, probably, by plans such as have been suggested, of making loans to farmers to enable them to build storage on their own farms. But such a plan, in turn, will bring demands for financing grain so stored by some system of loans on the security of the grain.

The kernel of the problem is perhaps to be found in these two questions:

Should responsibility of the Government in respect to next year's crop be limited to the quantity for which the Wheat Board can find room as a result of domestic and export sales, leaving with the farmer responsibility for any excess wheat he produces? This he could use or feed as he chooses.

Or is the Government to be considered as accepting responsibility for all the wheat which is to be produced with the implied promise of a basic price, and storage charges in addition, on such grain whenever delivery can be effected at some time in the future?

• • •

Big Orders for Orient

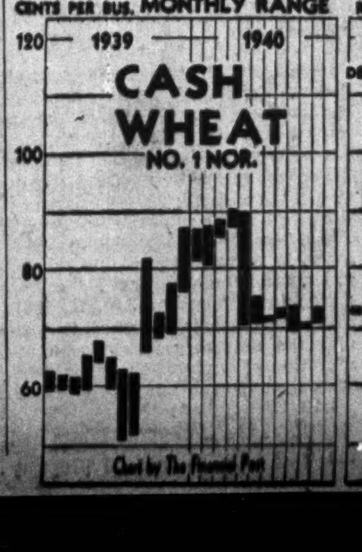
Western millers in Canada have recently had some extensive orders for shipment of flour to China. Business was diverted to this country when the United States Government ceased to subsidize flour shipments to China. Australia usually supplies most of the needs of the Oriental market, but the shipping situation seems to favor shipments from this country, at least up to limited quantities.

• • •

Country Elevator Loss

Mite infestation in wheat has been giving a certain amount of concern to operators of country elevators. Such mites as get into western wheat are usually killed as grain is re-elevated for shipment out of country elevators and into terminals. When stocks have to be carried for a long period in country elevators it will probably be found necessary to turn the stocks over in country elevators and in annexes in order to provide the necessary handling to make sure that mites do not survive. While the operation will cause a considerable amount of inconvenience and in some cases a certain amount of expense, it is not supposed that any considerable loss of grain is to be feared.

Wheat Prices



Cash Quotations

For Week

	Dec. 21 High	Dec. 21 Low	Prev. Week High	Prev. Week Low
Wheat:				
1 Hard	.73⅛	.72⅝	.74¾	.73½
1 Nor.	.73⅛	.72⅝	.74¾	.73½
2 Nor.	.70⅛	.70⅛	.72¼	.71
3 Nor.	.67½	.66⅞	.68¾	.67½
4 Nor.	.64½	.64	.65¾	.64½
5 Wheat	.61¾	.61	.62¾	.61½
6 Wheat	.60¾	.60	.61¾	.60½
Feed	.58¾	.58	.59¾	.58½
Oats:				
2 C. W.	.33⅛	.32⅛	.33⅞	.32⅛
3 C. W.	.30⅛	.29½	.31⅛	.29⅛
Barley:				
1 Feed	.40⅛	.39¾	.41¼	.39½
2 Feed	.39⅞	.39⅛	.41	.39¼
Flax:				
1 C. W.	1.31⅛	1.30	1.31¼	1.29
2 C. W.	1.27½	1.25	1.27½	1.23
Rye:				
2 C. W.	.46	.45	.47⅛	.44½

HUDSON'S BAY CHANGES

C. S. Riley, Winnipeg, has been appointed a member of the London committee of Hudson's Bay Co., succeeding the late G. W. Allan. Mr. Riley has been a member of the company's Canadian committee. P. A. Chester, general manager for Canada, has been added to the Canadian committee.

EASTERN STEEL

Eastern Steel Products Ltd. has declared a dividend of $1 a share on its common stock, payable Feb. 1, 1941, to shareholders of record Jan. 15. Similar payments have been made on this date in each of the past three years.

Winnipeg Grain Futures

Week to Dec. 21, 1940

Crop year from Aug. 1, 1940 High	Low		Open Dec. 17	High for week	Low for week	Close Dec. 21	Close year ago
		Wheat					
.74¾	.71⅝	Dec.	.73⅛	.73⅜	.72⅝	.72¾	.85¾
.78¾	.75⅛	May	.77⅜	.77⅛	.76¼	.76⅝	.89½
.80½	.77½	July	.79⅛	.79⅛	.78	.78	.90⅝
		Oats					
.34⅞	.25⅝	Dec.	.32¾	.33¼	.32⅛	.32⅞	.41⅛
.33⅝	.26⅝	May	.31⅞	.32⅞	.31⅞	.32⅜	.39⅝
.32⅝	.29⅛	July	.30½	.31⅛	.30⅛	.31¼	.38⅝
		Barley					
.48⅛	.30⅛	Dec.	.43¼	.43⅝	.42⅞	.43⅝	.51
.46⅛	.33⅝	May	.43⅝	.44⅛	.43⅝	.44	.52
.44⅞	.39⅞	July	.42⅛	.42⅝	.41⅞	.42¼	.51½
		Flax					
1.34⅛	1.13¼	Dec.	1.29⅝	1.32	1.29⅝	1.31⅛	1.80
1.39⅝	1.16	May	1.32½	1.36	1.33½	1.35⅝	1.84⅝
1.37½	1.29½	July	1.25	1.38⅛	1.35	1.38⅛	1.83
		Rye					
.49½	.40⅝	Dec.	.46⅝	.42⅝	.43	.47⅛	.76¼
.52	.44¼	May	.48⅞	.49⅛	.48½	.49⅛	.78¼
.50⅛	.49⅝	July	.....	.50	.49⅝	.49⅝	.77½

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Week in Mining

Still Bigger Mine Output Expected During 1941

Gold Production May Reach $230 Millions While Base Metal Recovery Expected to Top 1940 Level — Work at Capacity

Bigger things are ahead for Canadian mining in 1941. With gold production showing an increase of over 10% in 1940 at around $205 millions, a still greater increase is anticipated by mining men for next year.

A figure of $230 millions has been mentioned as a good possibility for total gold output, but the Dominion Government is reported to be hoping for an increase to $250 millions. Assistance is to be given marginal mines to help reach that figure.

That base metal production is still climbing is clearly evident. Refinery capacity for the copper industry at both Canadian Copper Refiners and the Ontario Refining unit of International Nickel has been increased considerably. Even with the increase, facilities are being strained to meet requirements. Zinc supply is running short and a great effort will be made to increase output of this metal the coming year.

Demand for lead is not as great as production at present but there is no thought of producing less than a capacity quantity of this metal. It is expected that production of both mercury and tungsten will be the greatest in Canada's history this coming year. Total metal production may near the $600 million mark, it appears.

New Mines in Offing

Indications of an increase in gold production as a war effort are not lacking. One president of a large mining company informs The Post that his company alone has two properties it will consider bringing into production to help our war effort. Enquiries for Government assistance have been flowing into the Department of Finance at Ottawa, it is known. There may be as many as 100 gold properties that could be brought into production as war efforts if sufficient inducement is offered.

No major new base metal producers appear on the horizon for 1941 except for tungsten and possibly iron. This will not prevent a substantial increase in output. Increased capacity in the refining industry—which is the bottleneck—will only make itself felt this coming year. War metal properties lend themselves to development quite easily and it will not be surprising if a considerable number reach production during the year.

* * *

Larder Interest Extends

Spectacular success of Kerr-Addison Gold Mines and Chesterville Larder Lake in the Larder Lake area is arousing interest in the development of neighboring properties. Last week, Fernland Gold Mines announced financing had been completed for further work and Wesley Gold Mines south of Chesterville—is negotiating for funds for further diamond drilling.

While the main Kerr-Addison-Chesterville ore zone — it is now known to be definitely the same zone —strikes northeast and is believed to be covered on strike in the one direction by the two-mile long Chesterville property, it is possible that the whims of dip and rake might mean ore on one side or the other of this relatively narrow property but at great depth. However, cost of drilling of holes deep enough to find out would be prohibitive until further work is done by Kerr-Addison and Chesterville. Present drilling exploration will likely remain quite shallow, it is believed.

* * *

New Porcupine Shaft

A new shaft is expected to be put down in the Porcupine area shortly. Aquarius Porcupine Mines will soon start diamond drilling to determine the best place for sinking through overburden estimated to be 150-ft. depth.

It is planned to put the shaft down to a depth of 500 ft. with two levels to be opened up at 350 and 475 ft. depth. Altogether it is expected 1,500 ft. of lateral exploration will be carried out. Two wide zones are known to exist on the property from previous work completed.

Financing arranged is stated to provide a total of $850,000 if the financing agreement is carried through to completion. The company has no liabilities and quick assets—including a block of Preston—are stated to total in the neighborhood of $160,000.

* * *

Christmas Turkeys

There are lots of turkey dinners in the north this year. According to the Dominion Department of Agriculture, more than 13,000 birds—enough to fill seven railway cars—have been bought by about 40 mining companies for distribution among the men that have families.

More and more companies are adopting the policy of giving turkeys to their employees at Christmas time. The Department estimates that 2,000 more birds are being distributed this year than at Christmas, 1939.

Preston Ore Unfolding At Lower Horizons

Diamond drill exploration on the new series of levels at Preston East Dome Mines down to 1,550 ft. depth continues to give important ore information.

Ore intersections have been chiefly in the footwall ore zone but high-grade ore is stated to have been intersected at the 910-ft. level in the hanging wall area, suggesting that there may be a recurrence of the high grade the company secured on the upper levels.

Three Ore Bodies

Full information on the ore picture in the footwall area is not yet available but results are stated to indicate there are at least three main ore bodies in this part. This ore was first located at the 1,175-ft. level and has been found at the 1,300-ft. horizon in drilling, with intersections apparently lining up.

Neither the length nor the width of the ore bodies has been fully established, and some time will be required before the entire picture in the one section is unfolded. Up to last week only the one hole, with an ore width of 150 ft. as reported previously, had been drilled at the 1,050-ft. level. All exploration below this level to date has been by diamond drilling and some time will be required to develop the ore bodies by crosscutting and drifting. Then will come preparation of ore bodies for stoping.

Drill Bottom Levels

At the 1,300-ft. level is the hole which gave a grade of 0.54 oz. uncut or 0.24 oz. cut for 111 ft. of core in the hole. Flat drilling is now being carried out on the two bottom levels.

Preparations are gradually being made to allow a speeding up of the depth development programme. A new hoist has been ordered and it is hoped that it will be installed and in operation by the middle of this year barring unforeseen delays.

Senator Pushes Mill Erection

Production $39,517 for First Half of December in Leased Plant

Framing of the main building of the new 300-ton mill of Senator-Rouyn is nearing completion with sheathing under way, Haras Corp. reports. Timber framework for the crushing plant has been prepared and is in readiness for erection.

Gold production for the period Dec. 2 to 15 inclusive amounted to $39,517 from 3,825 tons of ore milled, an average recovery of $10.33 a ton.

Recovery Now $149,657

Since inception of milling in the leased Arntfield plant on Oct. 15, a total of $149,657 has been recovered from 16,600 tons of ore milled, an average recovery of $9.00 per ton.

There are indications that gold absorption by the mill has been completed, a condition necessary before complete metal recoveries can be established. An average of 270 tons daily is being treated with gold extraction calculated at 96%.

SPRINGER WORK

A drill is now being taken in to the new barite property of Springer Sturgeon Gold Mines in Nova Scotia. One drill hole, completed not long ago with a borrowed drill, showed around 85 ft. of barite.

New Kayrand Company Formation Approved

At a meeting of shareholders of Kayrand Ltd., held recently, shareholders gave their approval for formation of a new company, Kayrand Mining and Development Co. An exchange of 5,000 shares per unit is stated to be planned with 1.3 million shares to be issued of the new company's 3 million shares authorized.

The company has acquired the former Nortrac tungsten-gold property located about eight miles north of Amos, Quebec. A new programme of work is planned for this property. The new company will also take over the original property in the Gordon Lake section of the North West Territories.

Mining of Canty Ore Now Proceeding

Actual mining of ore is now underway at Canty Gold Mines, it is announced in the company's annual report. Sufficient mining has not yet been done, however, to give accurate information as to what results may be expected.

Some time ago arrangements were completed for milling 50 tons of ore daily at the neighboring mine of Hedley Mascot Gold Mines "on a mutually satisfactory basis." In a report dated Oct. 19, 1940, R. H. Stewart, mining engineer, states that no estimate of tonnage of ore in reserve can be made as so little can be ascertained in regard to the shape and size of the ore bodies.

Canadians Run Gold Placers In Colombia

Timmins Interests Also Operating the Ocholi Lode Gold Mine

By R. A. McEACHERN
Staff Writer, The Financial Post

BARRANQUILLA, Colombia. — Every one of the gold mines now operating in this country was started some 400 years ago. In those days there were no worries about the picture of gold; whether it was buried in the Kentucky hills or in the old family sock.

The trouble then was that despite the remarkable fortifications built by the Spaniards at Cartagena, English buccaneers like Henry Morgan from Jamaica, Sir Walter Raleigh, Drake and the rest had an uncanny flair for finding and capturing Spanish galleons. For Cartagena and Barranquilla are historic spots of the Spanish Main.

Today's operating mines in this republic are reopenings and modernizings of the old operations. One mining man told me that it was generally accepted that all the old workings had been discovered.

Canadians' Big Share

Canadian companies play the major role in gold mining here. Pato Consolidated of Vancouver, whose managing director, Charles A. Banks, is on war service in England, is by far the largest producer in the country. Production last year was the greatest in the company's history both in yardage dredged and gold production. Altogether $2,859,905 was recovered from 16,667,000 cubic yards, an average recovery of 17 cents a ton. With $713,533 or 22 cents a share realized as profit and 10 cents paid in dividends, Pato is an important factor in sustaining Canada's foreign exchange position.

International Mining Corp., on another placer proposition, is just starting to dredge.

Asnazu's New Dredge

Asnazu Gold Dredging, developed by the same interests as are behind Pato, has just got delivery of a new $300,000 dredge and will be extending production shortly. This new dredge will have a huge reserve of 69 million cubic yards of gravel ahead of it averaging 13.3 cents a cubic yard. The company already has one dredge in operation with reserves in its section averaging the relatively high figure of 32.9 cents a cubic yard. Last year profits were $156,671 which were ploughed back into new construction. A British company, Oroville Dredging Co., was participating with Placer Development, a Canadian concern, in financing the new dredge but this was suspended due to exchange regulations. The Canadian firm is now looking after all the financing itself.

Timmins Are Here

Timmins Ocholi is the biggest lode mining enterprise here and the Timmins are of course the Canadians. Some of the Timmins family have stayed at this hotel and have left very handsome reputations behind them as "swell fellows."

Frontino is second largest lode gold operator and is owned by English interests. Both this and the Timmins mine are doing 300 tons a day.

Behind these leading mines come a string of smaller ones, most of them on 50 tons per day. In some cases, one or two men wholly owning a little property are said to be getting very sweet returns.

Colombia has developed a very neat system for encouraging mine prospecting. It has had exchange control for nearly 10 years and at the present time—to protect is exchange position—it permits mining outfits to get only 40% of their proceeds out of the county. The result is that with funds locked up there, there is a good deal of prospecting afoot. And what's more—it is high class prospecting.

Looks to Jungles Now

The old workings of the Spaniards have been pretty well discovered, it is claimed. The river bottoms have been thoroughly examined, I was told. Now the job is to plunge into the jungle and into other parts of the mountains.

Wild Indians in jungle parts of the interior are wont to put fatal arrows into intruders, but I am asked by a Barranquillian to correct one error in common chat about this matter. Report has long been that the fatal arrows are poisoned. Enough have been pulled out of corpses to convince medical men that the poison is nothing more than Indian dirt and jungle weather.

Important deposits of base metals are known around here, but lack of transport facilities, lack of local sales outlets and base metal prices have so far not made these properties very attractive.

Platinum is one of the important items in Colombian production—it is the sixth largest export in 1939—gold P40.6 millions, platinum P1.1 million. It occurs with gold.

Colombia is one of the world's main sources of emeralds. As opposed to lode gold mining which is usually the last word in modernity—mechanical muckers and everything—emerald mining seems to stick fairly closely to the methods that have pleased Spanish Senoritas of the 16th century just as much as penthouse primps of 1941. Swinging picks along the vein, sluicing off the sludge, finally pocketing the gems still seems to work.

Bonus Paid by Dosco To Sydney Workers

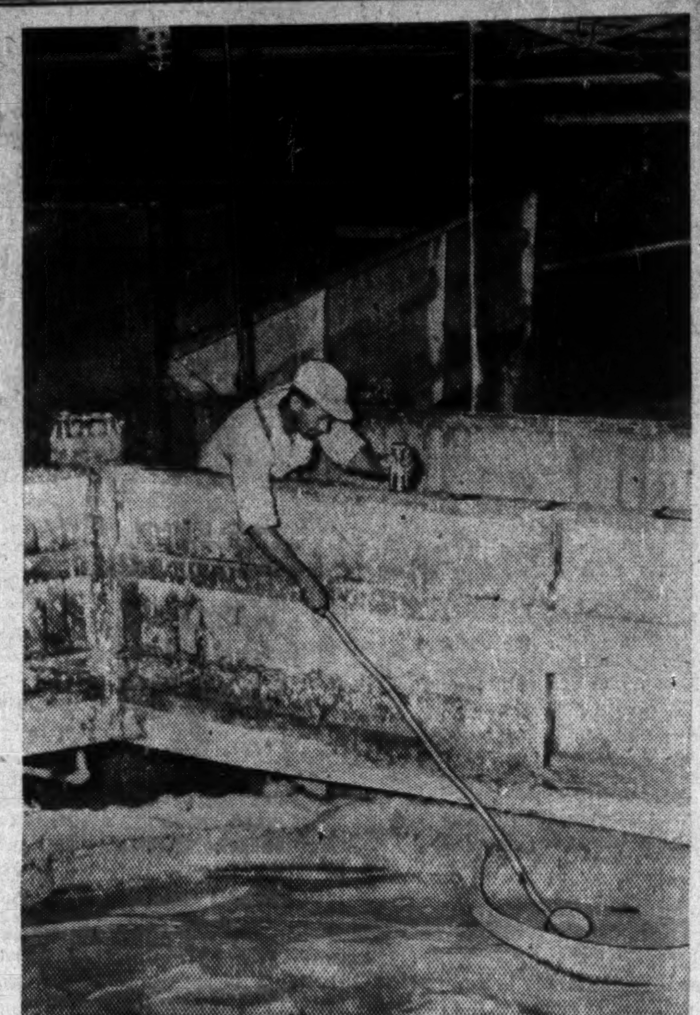
From Our Own Correspondent

MONTREAL.—All employees of the Sydney plant division of Dominion Steel and Coal Corp. have been given a bonus of two weeks pay. About 5,000 workers at the steel plant in August shared in the distribution, which it is estimated amounted to around $150,000.

DE SANTIS PORCUPINE

A total of 400 ft. of ore has now been developed in two breaks at the 825-ft. level of De Santis Porcupine Mines, the company reports. In addition, short lengths have also been developed on two other breaks.

Previously it was reported that 500 ft. of ore had been opened in one vein at this level, but the company states the actual situation is as reported above.



TAKING A SAMPLE

Sampling in the mill of a northern mine is almost as big a job as the taking of samples underground. A steady check is kept which allows the management to make a rough estimate of the gold precipitated from day to day.

The sampling also allows the company to keep an eye on any loss of values. Sampling of the tailings gives one value on loss of gold and the difference between mill heads and precipitation supplies valuable information on absorption and loss of values in the mill circuit.

Mining Concentrates

Arntfield Gold Mines is reported to have cut a new ore body 140 ft. below the present bottom level of No 2 shaft. The hole cut a wide replaced zone with two bands or ore cut, the first running $3.46 over 6 ft. and the second $4.91 over a true width of 20 ft. Both zones appear to be the downward extension of ore already disclosed on the 600-ft. horizon, it is stated. It is expected that the No. 2 shaft will be extended a further two or three levels in the new year.

* * *

Bulolo Gold Dredging production was lower in November with recovery amounting to 13,308 ounces against 17,032 ounces a year ago and 16,374 ounces in October. Estimated working profit of 6,538 ounces in November was equal to $228,830 in United States funds, against 8,066 fine ounces in October, which was equivalent to $282,310 in United States funds. In November, 1939, working profit was reported at $326,375 in United States funds.

* * *

Bidgood Kirkland Gold Mines is continuing milling operations, contrary to rumors of an imminent shut-down, according to W. J. Lawson, president. There is stated to be two or three months ore supply ahead with some remaining chances of opening up further ore bodies.

* * *

Central Zeballos Gold Mines reports operating profit of $69,379 for the 10 months ended Oct. 31, 1940. Distribution of this profit was as follows: $35,016 as return of capital outlay to Reno Gold Mines; $20,582 to Central Zeballos as 60% of operating profit, and $13,781 to Reno as 40% of operating profit. There is a further $13,095 returnable to Reno Gold Mines on capital account after which Central Zeballos will receive the full 60% and Reno 40% of operating profits before write-offs. Production for the 10 months was 5,519 ounces of gold and 3,930 ounces of silver from 11,615 tons of ore milled. As at Oct. 31, 1940, ore reserves were estimated at 11,950 tons averaging 0.50 oz. per ton.

* * *

Dayton Porcupine shareholders were informed at their annual meeting that obligations had been liquidated through sale of treasury shares and that the company is now free of debt with money in the bank. The $40,000 contingent payment to vendors was also liquidated last year. No drilling or exploration was carried out last year, but surveys were made by outside interests and certain proposals were received for further exploration. No agreement was reached, however.

* * *

Devon Gold Mines will not be able to operate its mill near Matheson until necessary parts have been secured and the ball mill repaired, shareholders are informed by A. M. Beatty, president, in a report. New parts have been ordered with delivery expected later this month. Finances are said to have been seriously strained as a result of these accidents, but ways of raising additional funds necessary to ensure uninterrupted operations are being considered, according to Mr. Beatty.

* * *

Faymar Porcupine Gold Mines had a profit of $13,251 for the first six months of its milling operations ended Sept. 30, 1940, after all charges, including bond interest and depreciation. Total revenue for the period was $282,485.

* * *

Fernland Gold Mines reports that Federal Trading & Agency Co. has underwritten 100,000 shares at 3 cents a share, payable forthwith, and has been granted an option on 600,000 shares as follows: 100,000 shares at 4 cents a share; 200,000 shares at 5 cents a share; blocks of 100,000 shares each at 6, 8 and 9 cents a share, to be exercised at the rate of at least $5,000 monthly with the first option installment by Jan. 28, 1941. The agreement is expected to provide the necessary funds for a resumption of exploration at the company's property.

* * *

Gillies Lake Porcupine Mines had the long crosscut into its property from Hollinger Consolidated extended a further 58 ft. during November. Values were low. The No. 71 west drift was extended 67 ft. with values ranging up to 0.06 oz. A total 1,952 ft. of diamond drilling was carried out during the month on the 1,550, 2,000 and 2,750-ft. levels.

* * *

Lakeside Kirkland Gold Mines called a meeting of shareholders for Dec. 27 in Kitchener. Mr. E. B. Knapp, the president, is resigning and a new board of directors is expected to be presented to the meeting.

* * *

Mooshla Gold Mines reports total income of $149,218 for the year ended Aug. 31, 1940, including $139,739 from shipments of 4,901 tons of ore with an average recovery of $28.51 a ton. Total cash disbursements were $133,349, including $114,087 operating expenses. Although grade of ore shipments were excellent, the excess of income over expenditures was not great for several reasons, the chief being the short narrow fractures in which values occurred with hard wall rocks.

* * *

Preston East Dome Mines has authorized the installation of a new hoist which will double present shaft capacity and will allow extensive development of the ore bodies indicated by diamond drilling below the 1,050-ft. level.

* * *

Relief Arlington Mines, Premier Gold Mining Co. subsidiary, realized an operating profit of $1,788 in November compared with an operating loss of $65 in October and an operating profit of $6,766 in November, 1939.

* * *

Yama Gold Mines has completed negotiations for the test milling plant of Tashota Goldfields which will be used for bulk sampling along with some additional equipment to be installed. Development at the 375- and 500-ft. levels is stated to be continuing about 90% in ore. Different sections are being opened at the 375- and 500-ft. levels with ore lengths at the two levels stated to total well over 1,000 ft. averaging over $10.40 a ton across an average width of slightly under 4 ft.

Leitch Completes Shaft Sinking

Opening of Five New Levels Expected to Start Shortly

Sinking of the shaft at Leitch Gold Mines has now been completed from 1,025 ft. to over 1,625 ft., Karl J. Springer, president informs The Financial Post.

Stations have been cut at 125-ft. intervals for five new levels and crosscutting will get under way shortly after the turn of the year, it is expected. At present men are engaged in timbering the stations and in laying track.

May Work on Three Levels

Opening up the new levels will be concentrated on the opening up of the downward extensions of the five veins which have been providing the mill feed on the levels above. No decision has yet been made on how many of the new levels will be attacked immediately but work will probably be started on three. However, if the company desires, it would be possible to open all five new levels simultaneously.

Diamond drilling shows a diabase dyke at a depth of 1,850 ft. Thickness of this dyke has not been tested at the company's property but work at a neighboring property suggests a thickness of 500 or 600 ft. At the neighboring mine, the vein was picked up where expected below the dyke and Leitch hopes that the same thing will be found true at its property.

Exploration at the adjoining property of Halport Mines, controlled by Leitch, has been suspended due to the winter weather. Consideration will be given to further exploration of this property next summer.

B.C. Mines Pay Record Total

Advance Estimates Calculate Dividends at About $13.4 Millions

From Our Own Correspondent

VANCOUVER.—British Columbia mines will probably set a new record this year in total dividends paid. Unofficial estimates are that about $13.4 millions will be disbursed, compared with about $11.8 millions in 1939.

The total would be considerably greater if all mining companies with head offices in British Columbia were included, and in figuring the totals it is impossible to obtain a definite figure owing to the confidential nature of private companies' returns. Kelowna Exploration Co., operating the Nickel Plate Mine near Princeton, would come in that category.

An exact figure representing Britannia Mining & Smelting Co. dividends is similarly not available because its returns are included in those of Howe Sound Co., which operates in Washington State and Mexico as well as in this province.

Scattered Properties

Placer Development and the Bulolo Gold enterprises, including Pato Consolidated and Asnazu Dredging, have their head offices in Vancouver, as well as Yukon Consolidated. But their dividends cannot be listed as representing British Columbia operations as their properties are in New Guinea and South America in the first instance and in the Yukon in the second instance. The Placer Development companies alone would account for $4.5 millions.

Among the newly listed dividend payers in 1940 are Gold Belt, Mount Zeballos, Relief Arlington, Spud Valley and Surf Inlet. Only four of the 22 dividend payers listed showed a decline for the year. Eight showed increases.

Dividend Payers

B. C. mines that paid dividends in 1940, with comparative figures for 1939, are:

Dividends Paid	1940 $	1939 $
Bralorne	1,496,400	1,496,400
Cariboo	319,994	266,661
Cons. Smelters	7,370,820	6,551,840
Gold Belt	101,400	......
Granby Consol.	360,208	180,104
Hedley Mascot	181,130	249,054
Island Mountain	157,606	157,606
Kootenay Belle	81,024	121,536
Mount Zeballos	110,000	......
Pioneer	700,700	700,700
Premier	600,000	600,000
Privateer	434,520	531,080
Relief Arlington	150,000	......
Reno Gold	......	28,200
Sheep Creek	356,250	281,250
Silbak Premier	400,000	400,000
Spud Valley	84,000	......
Surf Inlet	40,092	......

Expecting Better Bralorne Report

Increased Production and Ore Reserves Are Anticipated

From Our Own Correspondent

VANCOUVER. — Bralorne Mines, British Columbia's leading gold producer, will probably show increased value of production to the extent of about $120,000 when reports for 1940 are completed. There should also be shown a satisfactory increase in net ore reserves.

When the management announced [illegible] in the last annual report that reserves totalled 710,000 tons averaging .485 ounces gold to the ton ore below the 10th level was not included, although the mine had been partly opened up down to the 14th level during the year.

This year both shafts were sunk to the 20th level, where drifting disclosed ore of good widths carrying values comparable with the excellent grade of the upper levels.

Ore Reserves

Ore reserves for 1940 will probably not include ore below the 14th level, but the mine has been opened up for an additional six levels and therefore it should be reasonable to assume the life of Bralorne will be considerably longer than official ore reserves will indicate.

There is reason to believe that grades encountered in these lower levels are high and that they justify the statement made in the 1939 report of Ira B. Joralemon, San Francisco, the company's consulting geologist, that ore found in the first three months of 1940 averaged more than .50 oz. to the ton.

About $300,000 worth of Bralorne stock repatriated by Britain a few weeks ago has been entirely absorbed by western investors as a result of recent negotiations carried out by a syndicate composed of A. E. Jukes & Company, Ross Whittall, Ltd., and Wood, Gundy & Co.

New Corvette Orders Split Three Ways

The orders for six new corvettes for naval purposes recently awarded at Ottawa will be split three ways, The Financial Post is informed. As reported earlier, two will be built by Midland Shipyards at Midland, Ont., previously the only major plant without war contracts. Two other corvettes will be built by Yarrow's Ltd. at Esquimalt and the remaining two by Victoria Machinery Depot Co., at Victoria.

Cost of the new vessels will range between $500,000 and $600,000. The cumulative total of shipbuilding orders awarded through the Department of Munitions & Supply since start of the war now stands at about $70 millions.

Board of Shawinigan To Be Reduced

From Our Own Correspondent

MONTREAL.—J. E. Aldred, one of the original founders of Shawinigan Water & Power Co., and chairman of the board of directors, is expected to announce his retirement at the annual general meeting of shareholders next February.

John A. Walls, of Baltimore, one of the company's early engineers and a director since 1933, is also expected to retire.

At the annual meeting a by-law reducing the board from 14 to 12 members is to be submitted to shareholders for approval.

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National Malartic To Sink Shaft

Following the opening up of ore of considerable dimensions from the 350-ft. level of the adjoining Sladen Malartic mine, National Malartic Gold Mines has decided to put down a shaft of its own to speed development work. Size of the new shaft has not yet been decided on.

A week ago it was announced that levels at 200 and 500 ft. would be opened up with work on these levels to start shortly. Sinking of the shaft will now allow opening up of the north zone indicated by drilling but not yet tested underground.

Week in Oils

From Our Own Correspondent

CALGARY.—Of significance to investors is the report that a new type of test, to determine well productivity by reservoir pressure measure, was recently inaugurated by the Alberta Conservation Board.

Only a few wells have been given the test and it will not be used immediately in calculating oil well allowables in Turner Valley. Under the present proration formula pressure measurement is taken at 2,200 ft. below sea level in all wells. In most cases pressure at this point is considerably less than actual maximum reservoir measure. The reservoir test is in the experimental stage at present.

At Twin Valley No. 1 well, one of the newest wells in the field, the new test showed pressure of 2,445 lb. compared with 1,454 lb. at the usual point.

* * *

Aviation Oil

Progress made in the Dominion in developing production of aviation gasoline and lubricants now looms as especially important in view of developments in the United States. Last week it was announced that President Roosevelt had brought 15 additional materials under the export licensing system, among them plans and equipment for production of aviation lubricating oil.

Since the outbreak of war Canadian engineers have been engaged on research work on aviation gasoline and oils and at least one lubricant especially designed for airplanes has been developed and placed in use. Dependence on foreign supplies of both aviation gasoline and lubricating oil is now negligible in extent.

The inclusion of aviation oil equipment under the U. S. export controls does not necessarily mean Canada would be denied access to U. S. sources of such units. But it might mean delays through operation of priorities in favor of U. S. needs, and the development of production in Canada of aircraft oils must be cause for comfort and satisfaction in official quarters.

* * *

Well Operations

Pacific Petroleums No. 4 well is stated to be producing new oil steadily under 175 lb. back pressure at about 30 barrels an hour. Gas-oil ratio of the well was determined at about 1,400 cu. ft. per barrel.

At last report the well was to be closed in for an extended test of the maximum reservoir pressure.

Foothills No. 7 well has started testing the upper porous zone.

C. N. R. Shows Gain in Net

November Total Up $549,620 Over Same Month Last Year

From Our Own Correspondent

MONTREAL.—Canadian National Railways reports net revenue of $5.5 millions for the all-inclusive system in November. This compares with net revenue of $5 millions in Nov., 1939, an increase of $549,620.

In the 11 months period to Nov. 30, net revenue totalled $38.7 millions, against $17.1 millions in the corresponding period of 1939, an increase of $21.6 millions.

Following is a statement of revenues for November and the 11 months period:

November	1940 $	1939 $
Oper. revenue	22,389,448	20,584,777
Oper. expenses	16,865,224	15,610,173
Net revenue	5,524,224	4,974,604
11 Months to Nov. 30		
Oper. revenue	223,790,418	184,773,869
Oper. expenses	185,056,557	167,693,064
Net revenue	38,733,861	17,080,805

Ottawa Power Merger Passes Quebec Board

From Our Own Correspondent

MONTREAL. — Quebec's Public Service Board has approved merging of Ottawa Light, Heat and Power Co. and Ottawa Electric Co. Aproval of the Board was necessary, as the Ottawa Electric Co. has about $30,000 of assets located in the province of Quebec.

Price Rises Seen In Commodities

Wartime Factors Point to Stronger Markets in Coming Months

While commodity prices generally have moved uncertainly in recent weeks, a number of factors point to higher levels in coming months:

The general effect of war is viewed as inflationary.

With Canada and the United States getting into production of war supplies in a big way more labor and more material will be required.

Full employment means larger payrolls.

Stronger demand for materials means firm prices.

On the other hand, surplus supplies in certain commodities, such as wheat, coffee, and corn, are a brake on any sharp price advances there. The practical elimination of the markets of continental Europe is another factor.

Wholesale prices in Canada have advanced about 4% in the last year.

Markets have been weakened at times by rumors of peace feelers, which some thought might bring the war to a close sooner than expected.

In recent weeks, however, conviction has deepened that the war will be a long one and long wars make for higher prices. In the last war prices did not score any marked advances until 1916, well on in the second year of war, and it is felt the same course will probably be followed on this occasion.

	Latest week	Previous week	Same week last yr.
Cattle	$9.25	$9.25	$7.75
Hogs	11.00	10.90	12.00
Copper, lb.	.12	.12	.12¾
Cotton, lb.	.1036	.1037	.1138
Rubber, lb.	.20¾	.21	.20¾
Sugar, raw, lb.	.0293	.0295	.0293
Silk, lb.	2.56	2.56	4.14½
Wheat, Man. (bu.)	.72¾	.73½	.85¾
Coffee, lb.	.05¼	.05¼	.05⅛
Hides	.13	.13	.15
Weekly Indices			
Canada (D.B.S.)	84.3	84.1	81.2
Do., Wood, Gundy	67.2	67.3	68.1
U. S. Labor	79.7	79.8	78.8
Dow Jones (future)	56.07	56.35	63.10
Fishers'	84.9	85.0	85.2
Monthly Indices			
Canada (D.B.S.):			
Retail (Nov.)*	107.8	107.0	103.8
[illegible]	[illegible]	[illegible]	[illegible]
W'sale (Oct.)	83.3	83.1	79.6
U. S. (Sept.)	78.0	77.4	79.1
Gt. Brit. (June)	134.6	133.7	98.1

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base. *Base 1935-39=100.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

Mining Dividends

	Rate	Close Dec. 21	Yield %
Anglo-Huronian	10c	2.40	..
Beattie Gold	16c+2c	1.17	*15.4
Bralorne	80c+40c	10.25	*11.7
Broulan Porc.	6c	.91	..
Buffalo Ankerite	‡31c	4.35	..
Bulolo Gold	$3	17.00	17.6
Can. Malartic	8c	.48	..
Cariboo Gold	16c+8c	2.21	*10.8
Central Patricia	16c+7c	1.88	*12.2
Chesterville	†5c	1.45	..
Cochenour Willans	†3c	.96	..
Coniagas	‡25c	1.70	..
Coniaurum	16c+2c	1.55	*11.6
Cons. Smelters	$1+$1.25	38.00	*5.9
Delnite	‡6c	.95	..
Dome Mines	$2	24.75	8.1
East Malartic	30c	2.73	11.1
Francoeur Gold	‡2c	.41½	..
God's Lake	2½c	.39	..
Goldale	2c	.16½	..
Gold Belt	‡2c	.30	..
Gunnar Gold	‡6c	.36½	..
Hallnor	60c	5.15	11.6
Hard Rock	‡10c	1.05	..
Hedley Mascot	‡8c	.56½	..
Hollinger	65c+45c	13.00	*8.4
Howey Gold	‡2c	.28	..
Hudson Bay	$1.75	34.75	7.1
Inter. Nickel, com.	$2	33.50	5.9
Island Mountain	15c	.80	..
Kerr Addison	‡15c	3.85	..
Kerr Lake	‡10c	.20	..
Kirkland Lake	10c+2c	.98	..
Kootenay Belle	‡12c	.25	..
Lamaque Gold	40c+10c	5.10	*9.8
Lake Shore	$2	18.50	10.8
Leitch	8c	.56	14.3
Little Long Lac	30c	2.10	14.3
Macassa	32c+3c	4.10	*8.5
Madsen R. Lake	6c	.64	..
McGillivray Coal	3c+1c	.35	..
McKenzie Red L.	¶12c	1.21	9.9
McWatters	10c	.34	..
Moneta	12c	.60	20
McIntyre Porc.	$2.05½+1§	52.00	*3.8
MacLeod-Cockshutt	‡20c	2.30	..
Naybob Gold	‡4c	.31½	..
Nipissing	‡5c	1.26	..
Noranda	$4	58.00	6.9
North Empire	‡50c	6.25	..
O'Brien Gold	‡10c	1.11	..
Pamour Porc.	12c	1.47	8.2
Pato Cons.	20c	2.60	..
Paymaster	2c	.23½	..
Perron Gold	16c+4c	1.63	*12.1
Pioneer, B.C.	40c	2.20	18.1
Pickle Crow	40c	2.85	14
Placer Develop.	$1.20	9.25	13
Premier	12c	.90	13.3
Preston E. Dome	20c+5c	3.55	*7
Privateer Mine	‡16c+2c	.54	..
Powell Rouyn	20c	1.05	..
Quebec Gold	‡2c	.28	..
Relief Arlington	‡5c	.03	..
San Antonio	14c+6c	2.50	*8
Sheep Creek	16c+3c	.88	*21.6
Sherritt Gordon	10c	.80	..
Sigma Mines	‡43c	8.75	..
Silbak Premier	16c	.69	23.2
Siscoe	‡11½c	.56	..
Sturgeon River	‡2c	.17	..
Sudbury Basin	2½c	1.25	..
Sullivan Cons.	‡9c	.62	..
Surf Inlet	†1½c	.10	..
Sylvanite Gold	20c+10c	2.96	*10.1
Teck-Hughes	40c+5c	3.35	*13.4
Toburn	8c+12c	1.55	*12.9
Upper Canada	‡6c	2.25	..
Ventures	‡5c	2.95	..
Waite Amulet	‡10c	3.85	..
Wendigo	‡3c	.20	..
Wright-Harg.	40c+30c	7.00	*10

*Yield including bonus. †Initial.
‡Paid or payable in 1940 to date.
§An extra dividend of $1.11 declared payable Jan. 2, 1941.
¶Plus 1 sh. McMarmac Red Lake Gold Mines for each 5 shs. McKenzie held.

Metal Output Soars Between Wars

Gold and Base Metal Recovery Shoots Up

Difficulties Fail to Prevent Expansion

By GORDON M. GRANT
Staff Writer, The Financial Post

Canada is winning the war on the metals front. Production figures for 1940 show that the United Kingdom is now getting quantities of metal that Germany cannot hope to duplicate from the European continent. Many times more metal is being produced in this country than was the case in the last war.

All the figures are not yet in, but officials at Ottawa are convinced that Canadian mineral production this year will be well in excess of $500 millions—exceeding by a wide margin the 1939 record of $474.6 millions. Mineral production in 1914 totalled only $128.9 millions, which is much below the current rate of output.

Gold is now by far the most important metal produced. Production this year will likely be around $205 millions compared with the 1939 figure of $184 millions. In 1914 less than $16 millions of gold was produced—under 8% of the approximate 1940 output.

Mines Closed Then

Right at the start of the last war many mines — including the nickel mines at Sudbury — were closed down; Canada's metal producing industry was not to get going for some time. Germany had been a big market and the United Kingdom could not use even the relatively small Canadian output right away.

This war has been different. Output of munitions may have been slow getting started but the base metal industry has been going "all out" right from Sept., 1939. Canada had excess capacity for producing lead and all restrictions on output were taken off immediately at the start of the war. Even with the great step-up in the war effort it is understood that the Empire can still supply all the lead required with little difficulty. The same holds true of nickel.

In 1914 Canada's gold mining industry was producing a relatively small amount of gold. The importance of gold production in providing foreign exchange was not fully appreciated. Before the war was over rising costs meant the closing down of several of the larger gold mines while operations at the remainder were seriously hindered.

Higher costs were not the only difficulty in 1914. Actual shortages occurred in such things as drill steel and chemicals. Both gold and base metal mining in this war have been declared essential industries. Their output is safeguarded so that the war effort in this direction will be maintained. Steel for gold mines ranks equally in importance with steel for new munition plants.

Miners Joined Up

A labor shortage was a great difficulty for many mines in the first Great War. Whole mine staffs joined up for service overseas. Mines were reopened only when the men came back. This didn't help increase mineral production. Labor for mines has been safeguarded recently and miners are being asked by the authorities to stay at their posts due to the important part they are playing in the war effort.

When the war broke, a considerable number of miners joined up with the armed forces, causing temporary embarrassment for the mining industry. Some of these men are now at Gibraltar, where their mining skill is being used to strengthen "The Rock" against attack from any direction.

Help British Financially

From the financial point of view, Canada's base metal mining industry is making a tremendous contribution to the war effort. When demand began to make itself felt in the last war, metal prices were forced up to ridiculous levels. Copper soared to over 35 cents a pound. Demand exceeded supply by a wide margin.

A year ago last September Canadian producers of copper, lead and zinc agreed to sell their output to the United States at the prices existing at the outbreak of war for a period of one year, subject to renewal. This agreement was renewed last September. Metal prices throughout the world are now considerably higher than in Sept., 1939, and Canadian producers are foregoing a considerable profit through their agreement with the United Kingdom. The price being received for copper is only around 10 cents a pound.

With the demand for metal still on the increase throughout the world, the fact that Canada is supplying metals to the Mother Country at relatively low prices is keeping the cost of the war down.

Mines Increase Capacity

Details on current production of base metals is, of course, an official secret. There are, however, clear indications of the increase in output which is taking place. R. C. Stanley, president of International Nickel, states that sales of nickel in 1940 are expected to be the greatest in history. No exports of this key metal are being made outside the British Empire without the full permission of both the Canadian and United Kingdom Governments. Refining facilities at International Nickel at Copper Cliff have been greatly extended and this is clear evidence that metal production at this company's huge plants is on the increase.

Consolidated Smelters — the great west coast producer of lead and zinc —has increased capacity in some departments to eliminate "bottlenecks" and get higher production.

Hudson Bay Mills More

Since the outbreak of war Hudson Bay Mining and Smelting Co. has stepped up its milling rate from 4,700 to over 5,000 tons daily and a gradual increase to 6,000 tons is scheduled for the coming year. This company produces three war essentials—copper, zinc and gold.

Noranda's contribution to the great metals flow is partly in base metals, partly in the greater amount of gold being produced by its own mine and its subsidiaries.

The company's own base metal output has not been as great as might have been expected because treatment of concentrates from other mines in Quebec has been taken over since the outbreak of war. Operations at Waite Amulet Mines have been greatly expanded and concentrates from this subsidiary have also had to be treated by the parent company.

Production at the smaller base metal mines across the Dominion has not been expanded as much as by the larger producers for a variety of reasons. Falconbridge Nickel production is limited by refining facilities available at International Nickel. Sherritt Gordon Mines is limited by the ability of Hudson Bay Mining and Smelting Co. to treat copper concentrates. Granby and Howe Sound have had to change their copper marketing arrangements.

New Gold Mines Help

The flow of new gold mines reaching production since the outbreak of war had no parallel in the last war. Gold production has not been increased by opening up of new mines alone, however. Capacity at numerous gold mines has been expanded and every effort has been made to raise grade as far as possible at other mines. The increase in the Canadian price for gold has been a great stimulant to gold mining in Canada. While the extra value received from production is partly skimmed off by the excess profits tax, the ability to pay greater taxes also means a better war effort.

Gold mines in the Noranda orbit have been prominent in raising gold output. Aunor Gold Mines, for instance, had an almost spectacular rise in its gold output. Upper Canada Mines is another producer to step up recovery. In spite of the natural tendency to treat a lower average grade of ore with a higher price for gold, many mines have gone on treating the same ounce grade of ore.

In the war metal field rapid strides have been made recently—far surpassing any efforts along this line in 1914. Production of mercury is now on an extensive scale from the Pinchi Lake property of Consolidated Mining and Smelting Co. with a large part of the Empire's entire requirements now being supplied.

Around the end of this month it is expected that the tungsten-gold property of Slave Lake Gold Mines will go into production. Tungsten is of key importance in making machine tools during wartime. The metal will be an important addition to Canada's minerals.

During the last war there was considerable Canadian production of molybdenite, the ore of molybdenum. Canada could have had production this war except that the United Kingdom felt it desirable to contract for all its demands in the United States for the first year of war. Several molybdenite properties have had considerable work completed the last year but production has been held up. A milling plant was placed on the property of Quyon Molybdenum in Quebec and it is understood that production is planned, using the domestic market. A refining plant is being erected, it is understood.

In Chromium Mining and Smelting Co. Canada has a unique metallurgical enterprise. It has not been a great profit maker as yet but its output facilitates the placing of chromium in steel both here and in the United States. A domestic source of chromite ore is now being sought.

Antimony was produced in the last war and production has been resumed in this. Pioneer Gold Mines is making regular shipments from a property in British Columbia to Montreal.

Use of Nickel Reaches New High During 1940

"Consumption of nickel in all forms during 1940 showed an increase over 1939 which was the largest for any year in the life of the industry," according to a review of the use of nickel released by International Nickel Co.

With production stepped up throughout industry, there was a definite trend toward wider uses of alloy steels, the review states. One trend noted has been that greater aircraft production has resulted in orders to steel companies for "aircraft quality" steels, most of which contain nickel.

Nickel In Propellers

Nickel - chromium - molybdenum steels, which have been standard for some time in principal parts of propeller hubs, are now being used by certain leading manufacturers for propeller blades, and are likely to be adopted for many structural parts for planes. Over the two million pounds of "18-8" stainless steel were [illegible] other equipment, [illegible] crease substantially in 1940. Not only are nickel steels commonly being used for gears, shafts, and spindles, but nickel cast irons are practically standard for beds, frames, saddles, and similar parts. The use of cast nickel has resulted in a saving of time in the shop, it is stated.

Nickel became increasingly important in the mining industry last year. Ni-Hard iron was used in numerous places where abrasive wear takes a "terrific" toll of inferior materials. A nickel-chromium cast iron has come into increasing use for grinding balls, having given considerably improved performance over unalloyed iron or steel balls. For ore cars, high-tensile copper nickel steel plate is effecting appreciable weight reductions and also offers increased resistance to corrosion and abrasion.

Cournor Opening Zone By Drifting

Programme of 20,000 Ft. of Diamond Drilling Nears End

Following the location of a new zone consisting of north-dipping shears in surface drilling, Cournor Mining Co. extended workings and has picked up the strongest of these in the 696 drift. A total of 395 ft. of drifting has now been completed of which about half makes ore. The total known length of the zone is 750 ft.

Another zone, known as the Creek zone, has been located by surface drilling consisting of flat-lying lenses of which three have now been opened underground. These bodies confirm the drill results in the area in both width and grade, it is stated.

In the Beaufor mine 2 new bodies were indicated in November by drill- between the 200-ft. level and surface and a vein was opened for 85 ft. in 338 raise in the western workings. Crosscutting on the 400-ft. sublevel was continued but no objectives were reached.

The contract for 20,000 ft. of diamond drilling from surface was nearly completed in November.

Production of Cournor in November was $51,071 from 6,261 tons of ore milled for an average recovery of $8.16 per ton. A total of 60.6% of the ore treated was produced from the Beaufor shaft with the balance coming from the Cournor workings.

New Brunswick Coal Output Sets Record

From Our Own Correspondent

MONTREAL. — New Brunswick's coal production in the fiscal year ended Oct. 31 was the largest in the province's history, amounting to more than 468,000 tons. This compares with last year's previous all-time record of 414,386 tons.

Mini[illegible] Enquiries

National Malartic

How is work at National Malartic Gold Mines turning out? Can you give me some general ideas on ore grade?

Underground exploration at the property of National Malartic Gold Mines at the 350-ft. level has been confirming results obtained in preliminary diamond drilling from surface. This diamond drilling showed a number of ore zones on the company's property. Present work is being directed at fully opening up the main south ore zone. Lateral exploration is proceeding to the west and great widths of ore have been encountered with the ore showing a width of 60 ft. in one place.

Average grade of ore may be slightly higher than that shown by drilling. While only a small proportion of the total drilling carried out has so far been tested, some preliminary consideration is already being given to production plans, it is understood. People connected with the company tell us that by next February it may be possible to reach some decision.

Work will soon be started on further horizons from the adjoining Sladen Mine. Diamond drilling carried out on the Sladen property has shown the downward extension of part of the National Malartic ore confirming that values do extend to depth.

Perron Gold

Does it appear that Perron Gold Mines will show higher earnings this year than last? What is the ore reserve position?

With production of Perron Gold Mines for the first 10 months of this year exceeding the total for all 1939, it appears likely that earnings for 1940 will exceed the record 1939 profit with its earnings of 23.8 cents a share. However, costs may have risen, partially offsetting the increase in output. Taxes will certainly be higher.

Drifting at depth has been revealing excellent ore in the company's main No. 32 vein and it is probable that muck from this drifting has been contributing to the higher production recently. No official statement is available but it is reported likely that ore reserves will be shown either as maintained or increased at the end of the current year. At the end of 1939, reserves were slightly over 300,000 tons. A considerable proportion of the tonnage mined is sorted out as waste, but even after allowing for this, reserves were sufficient for about 1½ years requirements at the end of last year.

Calgary & Edmonton

Some time ago you stated results of "wildcat" drilling might be very important to Calgary & Edmonton Corp. What is the position now?

While the results of wildcat drilling carried out in Alberta the last year have not been such as to prove an important source of revenue for Calgary & Edmonton Corp., exploratory drilling is being continued in many areas and the company would certainly benefit if one or more new fields could be discovered.

At the present time, most of the company's revenue comes from royalty interests in producing wells in the Turney Valley field. Production is now on a higher scale than last year, and it appears likely that the company's income is also running at a higher level. War has resulted in an increased demand for oil and drilling of new wells on proved acreage has been speeded up considerably.

Earnings in the year ended June 30, 1939, amounted to $232,521, equal [illegible] cents a share compared with 9 [illegible] share in the preceding fiscal [illegible] dends of 10 cents a share [illegible] in both 1940 and 1939.

[illegible]rita

How is [illegible] sing in the explor[illegible] Augarit[illegible]

A drive [illegible] the 1,050-ft. [illegible] Dome Mines to explore the prop[illegible] of New Augarita Porcupine Mines which adjoins. At the present rate of work, it is anticipated that about 1½ months time will be required to reach the New Augarita boundary. Considerable diamond drilling has been carried out from surface on the New Augarita property, but no definite ore body has been outlined, although several holes are understood to have returned interesting values.

Carrying out of work underground from the Preston workings is believed to be the best way to get a real idea of what possibilities are possessed by New Augarita property.

New Augarita has granted options on 300,000 shares to Preston Dome at 35 to 65 cents a share which will net the company $150,000 if the options are exercised.

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Announcing....

"Investing in Canada's Mines"

A prize contest to stimulate informed discussion on how to invest in Canada's great [illegible] new set of con-[illegible]

The Financial Post offers substantial cash prizes for articles designed to inform Canadians on the elements of a sound programme of mining investments.

In order to give point to the articles, it is desired that they should deal with the specific problems of the businessman-investor.

The articles will be judged, therefore, according to the manner in which they answer the following question:

"A Canadian business man, who has a good income from his own business and from a well-selected portfolio of other investments, desires to make an investment of $25,000 in the Canadian mining industry, primarily to obtain greater diversification and to hedge against inflation and other unknowns. He expects to secure a reasonable dividend return for his $25,000 but also desires some prospect of capital appreciation.

"Knowing little of mining investment and its particular characteristics he would like information as to the probable life of the mines he buys into, the possibility of future growth of the mines themselves, the likely net dividend yield after amortization if possible, the effect of taxation on his mining income, etc.

"What would be your choice of a portfolio for him?"

Prizes will be awarded as follows:

FIRST PRIZE - - $100.00
SECOND PRIZE - $50.00

In addition The Financial Post plans to run a number of the articles that do not win prizes. These will be paid for at regular space rates, or approximately $25 apiece. Their number will depend on the quality of the entries.

The contest rules are brief and simple. They are as follows:

1. Answers must be in the form of an article of not more than 2,000 words suitable for publication in The Financial Post.

   In addition to the text of the article the entry must include a list of the specific investments selected.

   Contestants are requested to list the portfolio on a separate sheet showing, for each security, the number of shares or principal amount of bonds, the name of the security, its price, and the current income yielded, if any.

   Answers will be judged not only on the selection of investments but on the general advice regarding selecting mining investments and the presentation of arguments in support of the policy proposed.

2. The manuscript must be typewritten on one side of the paper only. The contestant's name and address must be clearly shown.
3. Answers must be in the hands of the Mining Contest Editor, The Financial Post, 481 University Ave., Toronto, Ont., on or before February 1, 1941.
4. The contest is open to anyone who is not an employee of The Financial Post or The MacLean Publishing Co., Ltd., whether a subscriber to The Financial Post or not.
5. Only one answer will be accepted from each contestant.
6. Any manuscript submitted will become the property of The Financial Post and may be published by it. No manuscripts will be returned. Those published will appear under the name of the author.
7. Judges for the contest will be the editors of The Financial Post assisted by such outside authorities as they may desire to consult.
8. The Financial Post assumes no responsibility for the future performance of the investments selected by contestants.
9. In the event of any dispute or misunderstanding the decision of the editor of The Financial Post will be final.

Seek to Abate Gas Shortage In Ontario

Ontario Mines Department Acts to Help Hamilton Area

Premier Hepburn of Ontario announces stringent measures will be initiated by the Dept. of Mines to conserve natural gas for domestic and war production use in the low-pressure area of southwestern Ontario.

The shortage is most acute in Hamilton, St. Catharines, St. Thomas and Brantford, where important war industries are located. The sharp cold spell early in December revealed that, even with all industries shut off, the gas companies would be unable to meet the peak domestic demand should a prolonged period of zero weather be encountered.

Production Falls Off

The areas in which the gas shortage is acute are served largely by the Brownsville field, under development by Dominion Natural Gas Co. Last winter the Brownsville field produced five to six million cubic feet per day, but in the spring tapered down to between one and one-and-a-half million cubic feet. Even last winter, before war industries began to take all the gas that could be supplied to them and then clamored for more, the gas reserves were weak and unsatisfactory for domestic use during severe cold spells.

Industries whose products are not vital for war needs have been advised to change from gas to other fuels. Domestic consumers, with convertible house-heating equipment, have been advised to secure alternative fuel. Mr. Hepburn states these measures will be more energetically promoted, with other action understood likely to follow if the present measures do not alleviate the situation.

Farther west, in the territory served exclusively by Union Gas Co. of Canada and including London, Sarnia, Chatham and Windsor, it is understood that no shortage of natural gas has yet developed. Union Gas Co. has its oil gas plant at Windsor ready for use as a standby unit for the first time in years, it is understood.

In the Hamilton area gas is distributed by United Fuel Investments and its subsidiaries. This company is jointly controlled by Union Gas Co. and Dominion Natural Gas, a Cities Service subsidiary. In the Hamilton district manufactured gas is supplied, in addition to natural gas, from the plants of Hamilton By-Product Coke Ovens, a subsidiary of United Fuel.

CARS OF THE FUTURE?

The advanced design of the striking cars shown here, produced by Chrysler engineers for demonstration and exhibition purposes, is believed by Chrysler engineers to point the way to future car styling along aerodynamic and functional lines. The two research test models—"Thunderbolt" (upper) and "Newport" (below)—are now being shown at key points across the continent.

Basis for the designs incorporates the features of racing cars which experience of past years showed as contributing to performance and handling ease. These were fused with modern scientific principles of streamlined functional design, and the trends extended to mirror what engineers foresaw over the automotive horizon. Note absence of headlights, running boards and other appendages or contours which might increase wind resistance. Headlights are concealed behind fender shields which slide back at night. A feature of the "Thunderbolt" model is a top that can be raised or completely concealed at the touch of a button, but is steel-built for safety and protection.

Set Basis For Uniformity In Municipal Reports

A basis on which Canadian municipalities can issue uniform reports was arrived at as a result of a conference between Dominion and provincial representatives recently at Ottawa.

This conference follows others which have been held over the past three years but which failed to give definite results.

As a result, municipal reports will be comparative as to individual items of revenue and expense. The Dominion Bureau of Statistics is now drawing up the appropriate forms to implement the recommendations of the conference.

In the past, an accurate comparison of municipal accounts has been very difficult because of varying ways of handling and classifying individual items. The conference resulted in defining what should be included under the various headings and how they should be treated. It is understood that the proposals have the support of provincial authorities across Canada.

Senator Raymond Heads General Trust of Canada

From Our Own Correspondent

MONTREAL.—Senator D. O. L'Esperance has been elected chairman of the board of directors of General Trust of Canada, while Senator Donat Raymond has been elected president of the company, succeeding the late Hon. J. M. Wilson.

Robt. Mitchell Co. Resumes Dividends

From Our Own Correspondent

MONTREAL.—Robert Mitchell Co. has declared a dividend of 50 cents a share on the common stock, payable Dec. 20 to shareholders of record Dec. 10.

This is the first payment by the company since January, 1932.

Quebec Reduces Fair Wage Levy

New Rate Represents Cut of 40% — Other Concessions Made

From Our Own Correspondent

MONTREAL.—Hon. Edgar Rochette, K.C., Quebec Labor Minister, announces assessment upon employers of 1/3 of 1% for administration costs of the Fair Wage Board has been reduced to 1/5 of 1%, the equivalent of a 40% decrease.

The statement also announces a number of exemptions from the assessment municipal corporations, school commissions, parochial administrative boards, vestry boards and episcopal corporations. Exemptions also cover the salaries or fees of the administrative boards of companies, including presidents, vice-presidents, directors and general managers.

The Labor Department also has accepted the recommendation of the Fair Wage Board to have employers report only twice a year instead of every three months.

N. Y. Air Line Start Delayed

Lack of Engines Blocks Delivery of New Planes to T.C.A.

Start of Trans-Canada Air Lines service between Toronto and New York, the main route allotted to Canada by the Canada-U.S. air agreement, is being delayed by inability of T.C.A. to get delivery of new Lockheed Lodestar planes ordered some time ago.

Latest reports are that the machines are virtually completed except for the engines, which cannot be obtained owing to the congestion in the U.S. air engine industry. Pressure of orders for British and U.S. military aircraft is largely responsible.

The recent agreement regarding priorities for delivery of British, U.S. military and U.S. commercial planes on order should stabilize the situation and make completions more orderly. It is uncertain, however, just when T.C.A. can get the new planes it needs for the Toronto-New York run, as presumably orders for military and U.S. commercial purposes will have first call.

The difficulty in obtaining motors will also probably delay extension of T.C.A.'s Toronto-Windsor route to Detroit, sanctioned under the international air agreement. Access to Windsor for a U.S. air line is also permitted.

Allotted to U.S. operators, in addition to the Windsor entry, are the trans-border routes between Bangor, Maine, and Moncton, to be served by Northeastern Airlines; Buffalo and Toronto; and Great Falls, Montana, and Lethbridge. No announcement has been made about start of operations on the two latter runs.

The air agreement ratifies the international services previously in operation between Vancouver and Seattle, Winnipeg and Fargo, Montreal and New York, Montreal and Boston.

Industrial Acceptance Cuts Class A Payment

From Our Own Correspondent

MONTREAL.—Industrial Acceptance Corp. has declared a dividend of 25 cents a share on its class A stock, payable Dec. 31 to shareholders of record Dec. 26. This compares with the previous distribution of 50 cents a share on Sept. 30. Payments for the current year will total $1.75 a share, compared with $2 in 1939; $2.12½ in 1938, and $1.62½ in 1937.

The latest dividend has been designated by the company as an interim disbursement, which may be taken to indicate that no settled policy has been formulated by the organization in regard to future payments.

Increased provisions for taxation are expected to contract earnings somewhat from last year when net profit totalled $353,087, equal to $3.19 on the class A stock.

Extremity Means Opportunity!

THE whole Empire is bending every effort toward one shining objective—the re-establishment of liberty on a secure basis throughout the world.

Our own existence, as Canadians, is involved.

To all right-thinking men, the nation's extremity is the citizen's opportunity to "go all out" in service to the country. So, across the Dominion, the Silverwood organization is pledged to play its part worthily in the common effort that shall bring Victory.

In supplying the Motherland, the sister Dominions, allied countries and our people at home with safeguarded dairy products, which, after all, are munitions of war, we are resolved to furnish them in quality and quantity impossible to enemy countries.

Thus, we aid in the struggle with a real and worth-while advantage — intensified production and sustained excellence of

Silverwood's dairy products

The Home Front

Y.M.C.A. Drive

The new national campaign of the Y. M. C. A. will be conducted from Jan. 15 to 29, it is announced by J. William Horsey of Toronto, chairman of the Y. M. C. A. publicity committee last week. Mr. Horsey is president of Dominion Stores Ltd.

Three major points are to be emphasized by the "Y" in its campaign. The great need for recreational facilities for the men in uniform both at home and overseas will be stressed. Also, it is felt, there are still places where the Y. M. C. A. should spread its activities even though more than 240 operations have been established in Canada and more than 50 overseas.

The third point to be stressed is that care has been taken to avoid duplication of effort. This has been done through a policy of co-operation.

* * *

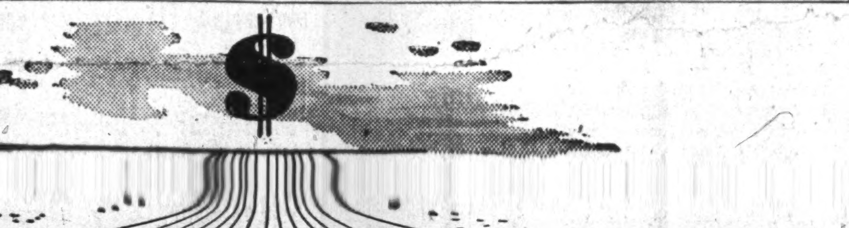
Army's Work

Compilation of expenditures by the Salvation Army on war work since the outbreak of hostilities shows that of every dollar contributed by the public, 49.05% has been expended for services with Canadian troops overseas, 35.82% for service with troops at home and 10.29% for hostess houses and comforts.

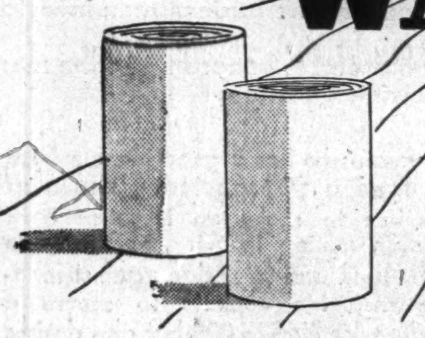
Only 2.64% of each dollar went for administration and printing and 2.20% for publicity and advertising.

After a year of war, over two million enlisted men have used the Red Shield huts and 30,000 men awaiting enlistment have been lodged, or fed, or both. To carry on the Salvation Army's work, there are now over 71 service centres, including two hotels, 30 canteens and 29 other centres with all departments of work in full operation, and 10 hostess homes are serving in the Canadian Red Shield service.

Serving with the first and second divisions and with Canadian Corps headquarters in England, 19 Salvation Army officers have been appointed as auxiliary service supervisors. Twelve mobile canteens are in operation, serving 665 units of the Canadian army; 435,228 men have been fed. Four hundred concerts have been given, attended by 181,785 men. A total of 172 devotional services was held, attended by 70,710 men.



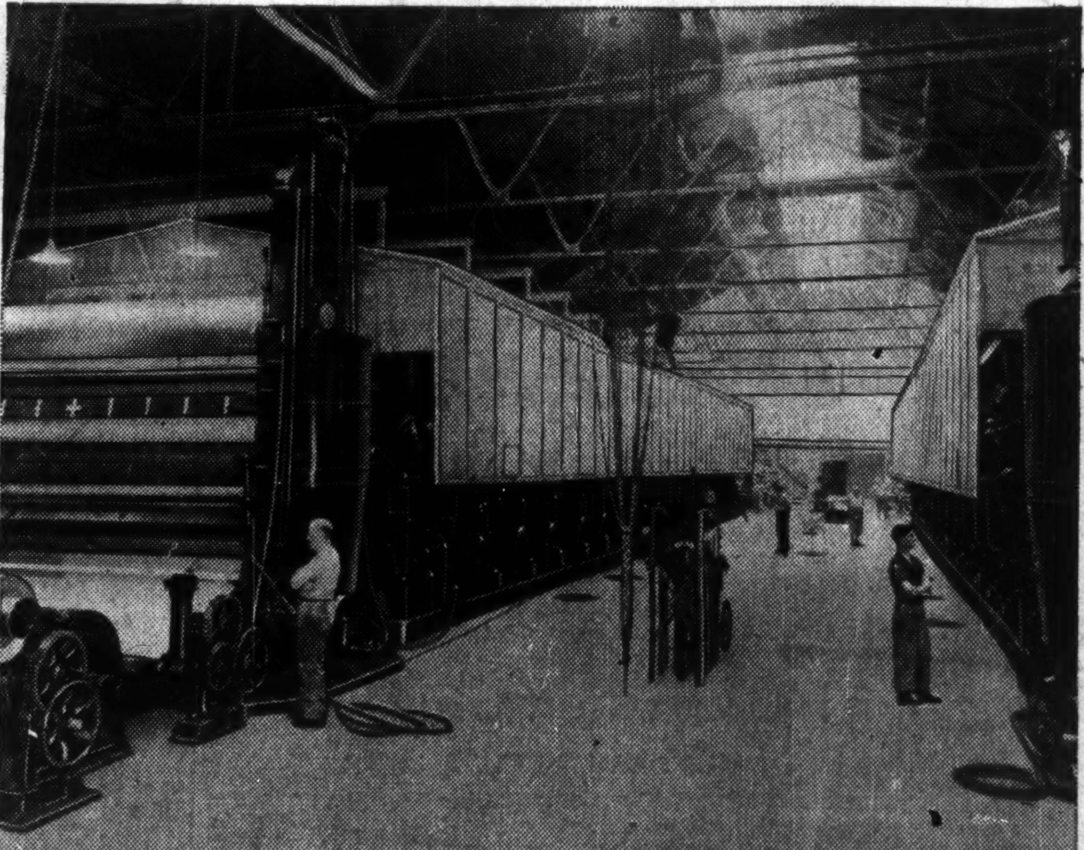
WAR DOLLARS *from* PULP *and* PAPER



Canada's excess of exports over imports in 1939 was $173,870,570 (gold excluded).

Ninety-one per cent. ($157,454,661) of this favorable balance of trade was provided by exports of the pulp and paper industry.

Of this, one-twelfth, or $13,767,226 worth of newsprint was supplied by The Ontario Paper Company Limited, the newsprint manufacturing department of The New York News and The Chicago Tribune. All of this was exported, and it supplied Canada with United States dollars to buy airplanes, tanks, ships, guns and ammunition.



GENERAL VIEW OF MACHINE ROOM—This is a general view of two paper machines in operation at the Thorold mill of The Ontario Paper Company Limited.

SOME OF THE WAR MACHINES PURCHASED IN REVENUE FROM PULP AND PAPER OPERATIONS

$13,767,226 REVENUE FROM THE

ONTARIO PAPER COMPANY LIMITED

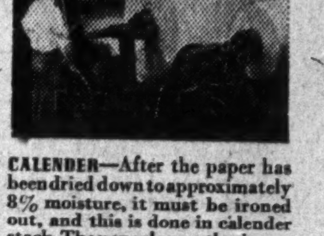
WILL BUY AND EQUIP 137 BOMBING PLANES

COSTING $100,000.00 EACH * * *

SOME OPERATIONS OF THE THOROLD PLANT OF THE ONTARIO PAPER COMPANY LIMITED

UNLOADING OF BOATS—The Thorold mill consumes over 165,000 cords of wood annually. This wood is delivered by company boats from its plants on the north shore of the St. Lawrence River, 800 miles distant, and from Heron Bay, Lake Superior.

WOOD PILE WITH LOG LOADER—This picture illustrates the method of recovering wood from the storage piles. The log loader in the foreground grabs up the wood and delivers it to a conveyor which carries the wood to the mill.



CALENDER—After the paper has been dried down to approximately 8% moisture, it must be ironed out, and this is done in calender stack. The paper leaves the dryers and goes down through these heavy steel rolls which smooth off the surface.

FINISHING OPERATION—After the rolls have left the winder, they are wrapped and labeled. Each roll is then weighed separately and sent either to freight cars, paper boats, or to the storage shed.

STORING OF PAPER—This picture illustrates the method of storing paper in the storage shed. Later the paper is transported to the wharf for stowing on steamers for shipment.

NEWSPRINT ROLLS must be very carefully handled to prevent damage to the paper—note the thick hair felt cushions on which the rolls rest and the rubber protection over the cables on the lifting saddles.

The Ontario Paper Company Limited

MILLS AT: THOROLD, ONTARIO
BAIE COMEAU, QUEBEC